

Common Reporting Standard (CRS)

Frequently Asked Questions (FAQs) – Tax Residency

1. How is an Individual's Tax Residency determined?

The criteria of tax residency may be different from one country to another. For individuals, tax residence in a country can be based on a number of factors (one or more may apply) such as Nationality, number of days you spend in a country, place of work, accommodation, family ties and financial interests.

For example, in India an individual's tax residency is based on the number of days that he/she has stayed in the country. Generally, an individual is said to be resident in India, if he/she is in the country for more than 182 days in any fiscal year.

Typically, an individual will be resident for tax purposes in only one country (the country in which they live). Some individuals can be tax resident in more than one country.

2. I live in a country that has no income tax system or the rate of income tax is 0%. How do I work out my country(s) of tax residency?

The amount of income tax you pay does not necessarily determine your tax residency status. Tax residency is based on the domestic rules of a country in which you may be considered a tax resident even though no income tax is paid or there is no income tax system.

If you live in a country that does not charge income tax or no income tax regime exists you may still be deemed a 'resident person' of that country and therefore resident for tax purposes subject to meeting the applicable residency requirements.

For example, the UAE rules governing tax residence as hosted on the OECD Automatic Exchange Portal <http://www.oecd.org/tax/automatic-exchange/crs-implementation-and-assistance/tax-residency/UAE-Residency.pdf> set out the criteria for determining UAE tax residency as follows

'Resident Person' in the United Arab Emirates means;

An individual:

- a) Any United Arab Emirates National
- b) An individual who is resident in United Arab Emirates with
 - i. a valid Emirates ID and
 - ii. a valid Residency Visa

3. I am not in employment and do not pay tax. I am unsure of my tax residency - what should I do?

Where you are "tax resident" is usually where you are *liable* to pay income tax, even if you are not *required* to pay any income tax, for example, you may be unemployed, a homemaker or a student and have no income that is subject to income tax.

4. I have read the FAQs and the CRS instructions on the Self Certification form and still do not know where I am tax resident? What should I do?

The FAQs are intended to provide a general and high level overview of tax residency for individuals and should not be used solely to determine your tax residency status. Your country(s) of tax residency is based on your own personal circumstances.

If after reading the FAQs and accompanying instructions on the CRS Self Certification form you are unsure of your tax residency status please contact a professional tax advisor as HSBC cannot provide tax advice.

You can also find lots more information on how to determine tax residency on the OECD website by using the following link <http://www.oecd.org/tax/automatic-exchange/crs-implementation-and-assistance/tax-residency>

