

**GUIDANCE NOTE**  
**OGC No. 09/2024**

<b>Reference</b>	<b>OGC No. 09/2024</b>
<b>Title</b>	<b>Common Reporting Standard</b>
<b>Sub Title</b>	<b>Retirement Funds - Common Reporting Standard Classification, Due Diligence and Reporting Obligations</b>
<b>Purpose</b>	<b>Inform Retirement Funds on the appropriate classification for the purposes of the Common Reporting Standard and the accompanying Due Diligence and Reporting Obligations</b>

**Income Tax (Automatic Exchange of Information) Regulations, 2017**

**Common Reporting Standard - Due Diligence & Reporting Obligations for Retirement Funds**

**Introduction**

The Barbados Revenue Authority (“the Authority”) has penned this note to provide guidance on the required due diligence and reporting obligations to Retirement Funds that are considered Reporting Barbados Financial Institutions for the purposes of the Common Reporting Standard (“CRS”).

Retirement Funds which are not classed as “Broad or Narrow Participation Retirement Funds” as defined by CRS are considered Investment Entities for CRS purposes and are therefore one of the classes of entities required to conduct the required due diligence and reporting obligations.

Retirement Funds may be either:

1. Reporting Financial Institutions; or
2. Non-Reporting Financial Institutions that are exempt from CRS due diligence and reporting obligations.

## **Retirement Funds - Common Reporting Standard Classification, Due Diligence and Reporting Obligations**

### **Determining whether a Retirement Fund is a Reporting Financial Institution or a Non-Reporting Financial Institution**

Retirement Funds that fall into either of the two classifications for CRS are exempted from due diligence and reporting obligations because they have been assessed as posing a low risk for tax evasion.

The criteria that each Retirement Fund must satisfy in order to be classed as a Non-Reporting Financial Institution differs based on the number of beneficiaries.

Retirement Funds with fewer than 50 beneficiaries are eligible for Non-Reporting Financial Institution status where:

- a) the Retirement Fund has fewer than 50 participants;
- b) the Retirement Fund is sponsored by one or more employers that are neither an Investment Entity nor a Passive NFE;
- c) the employer and employee contributions to the Retirement Fund are limited by reference to earned income of the associated entity and compensation of the employee, respectively;
- d) participants that are not residents of the jurisdiction in which the Retirement Fund is established are not entitled to more than 20% of the fund's assets; and
- e) the Retirement Fund is subject to government regulation and provides information reporting to the tax authorities.

Therefore, where the foregoing criteria has been satisfied, the Retirement Fund shall be deemed a "**Narrow Participation Retirement Fund**" and is exempt from CRS due diligence and reporting obligations.

Retirement Funds with 50 or more beneficiaries are eligible for Non-Reporting Financial Institution status where:

- a) the Retirement Fund does not have a single beneficiary with a right to more than five percent of the Retirement Fund's assets; and
- b) the Retirement Fund is subject to government regulation and provides information reporting to the tax authorities.

## **Retirement Funds - Common Reporting Standard Classification, Due Diligence and Reporting Obligations**

Where the foregoing criteria has been satisfied, the Retirement Fund shall be deemed a “**Broad Participation Retirement Fund**” and exempt from CRS due diligence and reporting obligations.

### **Reporting Obligations for Retirement Funds – Reporting Financial Institutions**

A Retirement Fund that is not a “Broad or Narrow-Participation Fund” will be a Reporting Financial Institution and classed as an Investment Entity for CRS purposes. All CRS-obligated Financial Institutions and therefore Retirement Funds classified as Investment Entities must register with the Authority via the Automatic Exchange of Information Web Portal<sup>1</sup> and file all relevant retroactive CRS reports i.e., a CRS report for each reporting year that the Retirement Fund was a Reporting Barbados Financial Institution.

A Retirement Fund that is CRS obligated must identify and report on its financial Account Holders. In the case of an Investment Entity, financial accounts are defined by the CRS as ‘a debt or equity interest’ in the Retirement Fund.

Retirement Funds are required to collect sufficient information about Account Holders to determine whether there are any beneficiaries that are “Reportable Persons”. As a rule, an individual is a “Reportable Person” where they are tax resident in a Reportable Jurisdiction under the tax laws of that jurisdiction. The Authority publishes a list of the Reportable Jurisdictions for a given reporting year on the Global Relations Unit’s dedicated webpage<sup>2</sup>.

### **Due Diligence Obligations**

Retirement Funds must apply the due diligence rules as outlined in the CRS (for pre-existing and new accounts) in order to determine the identity and tax residence of the Account Holders to determine if the account held by a beneficiary of the Retirement Fund is a “Reportable Account”. Reporting Barbados Financial Institutions may rely on information collected pursuant to AML/KYC procedures to identify the controlling persons.

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<sup>1</sup> <https://aeoportal.bra.gov.bb:8443/#/>

<sup>2</sup> <https://bra.gov.bb/About/Global-Relations/CRS>

**Retirement Funds - Common Reporting Standard Classification, Due Diligence and Reporting Obligations**

**Due Diligence and Reporting Dates**

- Due diligence obligations commenced on **1 July 2017**.

**Due diligence and reporting dates for pre-existing accounts.**

The deadlines for Reporting Barbados Financial Institutions to complete the CRS due diligence and initial reporting (if the account is Reportable) were:

- For pre-existing high-value individual accounts (with a balance or value that exceeds USD 1,000,000 as of June 30, 2017) - December 31, 2017.
- For pre-existing lower-value individual accounts (with a balance or value that does not exceed USD 1, 000,000 as of June 30, 2017) - December 31, 2018.

Account holder	Pre-existing accounts maintained as at June 30, 2017	New accounts opened on or after July 1, 2017
<b>Retirement Fund</b>	Generally able to rely on information already on file for indicators that the account holder is a relevant foreign tax resident/s.	Required to ask the account holder to 'self-certify' whether they are a relevant foreign tax resident/s at the point of onboarding.

Reporting Barbados Financial Institutions must:

1. **collect prescribed information** about the foreign tax residents and accounts. This generally includes:
  - identifying information (account holder) - name, account number, address, foreign taxpayer identification number(s) or equivalent, and date of birth information for the relevant foreign tax resident who is a beneficiary.
  - identifying information (Retirement Fund) - name and identifying number of the Retirement Fund.
  - identifying financial account information - the debt or equity interest held in the fund by the beneficiary as well as any disbursements made in the reporting year.

**Retirement Funds - Common Reporting Standard Classification, Due Diligence and Reporting Obligations**

All CRS obligated entities are required to onboard clients using a self-certification that captures the prescribed information at the outset of the relationship with new clients.

2. **report this information** annually to the Barbados Revenue Authority by **July 31** of the relevant year. Reporting Barbados Financial Institutions are generally only required to report to the Barbados Revenue Authority prescribed information about accounts they have identified as being held by relevant foreign tax residents **if** such persons are tax residents in Reportable Jurisdictions.

**Reporting the Relevant Information**

It is possible that a Retirement Fund that is a Reporting Barbados Financial Institution may not have an account number for each of its Account Holders. The Retirement Fund should in that case use a unique identifying number that will enable the Retirement Fund to identify the subject of the report.

Where the financial account held by the Retirement Fund is closed during the year, the financial activity to be reported includes both the fact of closure of the account and the gross payments made to the Account Holder during the relevant reporting period.

Account Holder	Account Balance Or Value	Gross Payments
The name, account number, address, foreign taxpayer identification number(s) or equivalent, and date of birth information for the relevant foreign tax resident who is a beneficiary	Total account balance or value	Gross payments made or credited as per Section I.A. of the CRS
All of the above, if the account was closed	Total account balance or value	Gross payments made or credited until the date of account closure as per Section I.A. of the CRS

**CRS record-keeping obligations**

Reporting Barbados Financial Institutions will also (in addition to their other CRS due diligence and reporting obligations) be required to keep **records of the steps** they have taken and the **evidence** they have relied upon to comply with their CRS obligations. This should include keeping a record of any **failure to obtain a required self-certification**.

**Retirement Funds - Common Reporting Standard Classification, Due Diligence and Reporting Obligations**

The record-keeping obligation is outlined in Regulation 15 of the Income Tax (Automatic Exchange of Information) Regulations, 2017.

For more information on the following terms, please see the relevant definitions and commentary in the Standard For Automatic Exchange Of Financial Account Information In Tax Matters.<sup>3</sup>

- Reportable Account (**Section VIII**)
- NFE - Non-Financial Entity (**Section VIII**)
- Reportable Person (**Section VIII**)
- Investment Entity (**Section VIII**)
- Due Diligence Obligations (**Sections II-VII**)
- Reporting Obligations (**Section I**)
- Non-Reporting Financial Institutions (**Section VIII**)

**Global Relations Unit  
Barbados Revenue Authority  
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<sup>3</sup> [https://www.oecd.org/en/publications/2017/03/standard-for-automatic-exchange-of-financial-account-information-in-tax-matters-second-edition\\_g1g73eb6.html/](https://www.oecd.org/en/publications/2017/03/standard-for-automatic-exchange-of-financial-account-information-in-tax-matters-second-edition_g1g73eb6.html/)