



## OECD lists 21 ‘high-risk’ citizenship or residency schemes

16 October 2018, the OECD published the results of its analysis of over 100 citizenship or residence-by-investment schemes (CBI/RBI) schemes offered by countries that have made commitments to the OECD/G20 Common Reporting Standard (CRS) in order to identify schemes that pose a potential high-risk to the integrity of CRS.

The OECD said that while schemes that allowed individuals to obtain citizenship or residence rights through local investments or against a flat fee – often referred to as golden passports or visas – for perfectly legitimate reasons, they could also be potentially misused to hide assets offshore by escaping CRS reporting.

Identity cards and other documentation obtained through CBI/RBI schemes, in particular, could potentially be misused abuse to misrepresent an individual’s jurisdiction(s) of tax residence and to endanger the proper operation of the CRS due diligence procedures.

Potentially high-risk CBI/RBI schemes, said the OECD, were those that gave access to a low personal income tax rate of less than 10% on offshore financial assets and do not require significant physical presence of at least 90 days in the jurisdiction offering the CBI/RBI scheme.

It listed 21 jurisdictions as potentially high-risk: Antigua & Barbuda, the Bahamas, Bahrain, Barbados, Colombia, Cyprus, Dominica, Grenada, Malaysia, Malta, Mauritius, Monaco, Montserrat, Panama, Qatar, the Seychelles, St Kitts & Nevis, St Lucia, the Turks & Caicos Islands, the United Arab Emirates and Vanuatu.

Under Section VII of the CRS, a financial institution (FI) may not rely on a self-certification or documentary evidence that it knows, or has reason to know, is incorrect or unreliable. The same applies with respect to pre-existing high-value accounts where a relationship manager has actual knowledge that the self-certification or documentary evidence is incorrect or unreliable.

If an account holder or controlling person is claiming residence in a jurisdiction offering a potentially high-risk CBI/RBI scheme, the OECD recommended that FIs should consider raising further questions, including:

Did you obtain residence rights under a CBI/RBI scheme?

Do you hold residence rights in any other jurisdiction(s)?

Have you spent more than 90 days in any other jurisdiction(s) during the previous year?

In which jurisdiction(s) have you filed personal income tax returns during the previous year?

For more information please contact us!

Source: ITPA

**PLEASE FEEL FREE TO CONTACT US WITH ANY QUESTIONS OR QUERIES.**

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