


Turkish Republic Northern Cyprus (TRNC) provides planning opportunity for non-reporting of Automatic Exchange of Information? Yes, if you like risk.

 **Mark Morris**
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Northern Cyprus is not listed by the OECD as a CRS participating Jurisdiction nor is it a Global Transparency Forum Member



- The OECD list of CRS participating jurisdiction does not clarify the situation. Turkish Republic of Northern Cyprus is not listed as a CRS participating member nor is it a member of the global transparency forum.
- The footnotes in the OECD status of commitments states:
- Note by the Republic of Turkey: The information in this document with reference to "Cyprus" relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Türkiye recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Türkiye shall preserve its position concerning the "Cyprus issue".

 GLOBAL FORUM ON TRANSPARENCY AND EXCHANGE OF INFORMATION FOR TAX PURPOSES	
	<p style="text-align: right;">Last update: 23 April 2014</p>
	<p style="text-align: center;">AUTOMATIC EXCHANGE OF INFORMATION (AEOI): STATUS OF COMMITMENTS¹</p>
	<p style="text-align: center;"><i>ABOVE THE BORDER</i></p>
<p>Austria, Argentina, Bahrain, Bermuda, Brunei, Virgin Islands, Bahamas, Cayman Islands, Costa Rica, Croatia, Cyprus, Canada, Dominican Republic, Ecuador, El Salvador, France, Germany, Gibraltar, Guernsey, Guatemala, Hong Kong, India, Indonesia, Ireland, Italy, Japan, Latvia, Lithuania, Luxembourg, Malaysia, Maldives, Malta, Mexico, Monaco, Netherlands, Norway, Oman, Papua New Guinea, Peru, Poland, Portugal, Qatar, Romania, Saudi Arabia, Seychelles, Singapore, Slovenia, Slovak Republic, South Korea, Spain, Sweden, Switzerland, Taiwan, Tanzania, Turkey, Ukraine, United Kingdom, United States, Uruguay, Venezuela</p>	<p style="text-align: center;">ABOVE THE BORDER: FIRST EXCHANGES BY 2015 (a)</p>
<p>Austria, Argentina, Bahrain, Bermuda, Brunei, Virgin Islands, Bahamas, Cayman Islands, Costa Rica, Croatia, Cyprus, Canada, Dominican Republic, Ecuador, El Salvador, France, Germany, Gibraltar, Guernsey, Guatemala, Hong Kong, India, Indonesia, Ireland, Italy, Japan, Latvia, Lithuania, Luxembourg, Malaysia, Maldives, Malta, Mexico, Monaco, Netherlands, Norway, Oman, Papua New Guinea, Peru, Poland, Portugal, Qatar, Romania, Saudi Arabia, Seychelles, Singapore, Slovenia, Slovak Republic, South Korea, Spain, Sweden, Switzerland, Taiwan, Tanzania, Turkey, Ukraine, United Kingdom, United States, Uruguay, Venezuela</p>	<p style="text-align: center;">ABOVE THE BORDER: FIRST EXCHANGES BY 2015 (b)</p>
<p>Austria, Argentina, Bahrain, Bermuda, Brunei, Virgin Islands, Bahamas, Cayman Islands, Costa Rica, Croatia, Cyprus, Canada, Dominican Republic, Ecuador, El Salvador, France, Germany, Gibraltar, Guernsey, Guatemala, Hong Kong, India, Indonesia, Ireland, Italy, Japan, Latvia, Lithuania, Luxembourg, Malaysia, Maldives, Malta, Mexico, Monaco, Netherlands, Norway, Oman, Papua New Guinea, Peru, Poland, Portugal, Qatar, Romania, Saudi Arabia, Seychelles, Singapore, Slovenia, Slovak Republic, South Korea, Spain, Sweden, Switzerland, Taiwan, Tanzania, Turkey, Ukraine, United Kingdom, United States, Uruguay, Venezuela</p>	<p style="text-align: center;">ABOVE THE BORDER: FIRST EXCHANGES BY 2015 (c)</p>
<p>Denmark, Israel</p>	<p style="text-align: center;">ABOVE THE BORDER: FIRST EXCHANGES BY 2015 (d)</p>
<p>Hong Kong, China, India</p>	<p style="text-align: center;">ABOVE THE BORDER: FIRST EXCHANGES BY 2015 (e)</p>
<p>Albania², Costa Rica, Romania</p>	<p style="text-align: center;">ABOVE THE BORDER: FIRST EXCHANGES BY 2015 (f)</p>
<p>Israel, Maldives</p>	<p style="text-align: center;">ABOVE THE BORDER: FIRST EXCHANGES BY 2015 (g)</p>
<p>United Kingdom³, Thailand⁴</p>	<p style="text-align: center;">ABOVE THE BORDER: FIRST EXCHANGES BY 2015 (h)</p>
<p>Germany, Maldives, United States</p>	<p style="text-align: center;">ABOVE THE BORDER: FIRST EXCHANGES BY 2015 (i)</p>
<p>Albania², Costa Rica, Romania, Seychelles, Tanzania, Uruguay</p>	<p style="text-align: center;">ABOVE THE BORDER: FIRST EXCHANGES BY 2015 (j)</p>
<p>Albania², Costa Rica, Romania, Seychelles, Tanzania, Uruguay</p>	<p style="text-align: center;">ABOVE THE BORDER: FIRST EXCHANGES BY 2015 (k)</p>
<p>Albania², Costa Rica, Romania</p>	<p style="text-align: center;">ABOVE THE BORDER: FIRST EXCHANGES BY 2015 (l)</p>
<p>Albania², Costa Rica, Romania</p>	<p style="text-align: center;">ABOVE THE BORDER: FIRST EXCHANGES BY 2015 (m)</p>
<p>Albania², Costa Rica, Romania</p>	<p style="text-align: center;">ABOVE THE BORDER: FIRST EXCHANGES BY 2015 (n)</p>
<p>Albania², Costa Rica, Romania</p>	<p style="text-align: center;">ABOVE THE BORDER: FIRST EXCHANGES BY 2015 (o)</p>
<p>Albania², Costa Rica, Romania</p>	<p style="text-align: center;">ABOVE THE BORDER: FIRST EXCHANGES BY 2015 (p)</p>
<p>Albania², Costa Rica, Romania</p>	<p style="text-align: center;">ABOVE THE BORDER: FIRST EXCHANGES BY 2015 (q)</p>
<p>Albania², Costa Rica, Romania</p>	<p style="text-align: center;">ABOVE THE BORDER: FIRST EXCHANGES BY 2015 (r)</p>
<p>Albania², Costa Rica, Romania</p>	<p style="text-align: center;">ABOVE THE BORDER: FIRST EXCHANGES BY 20</p>

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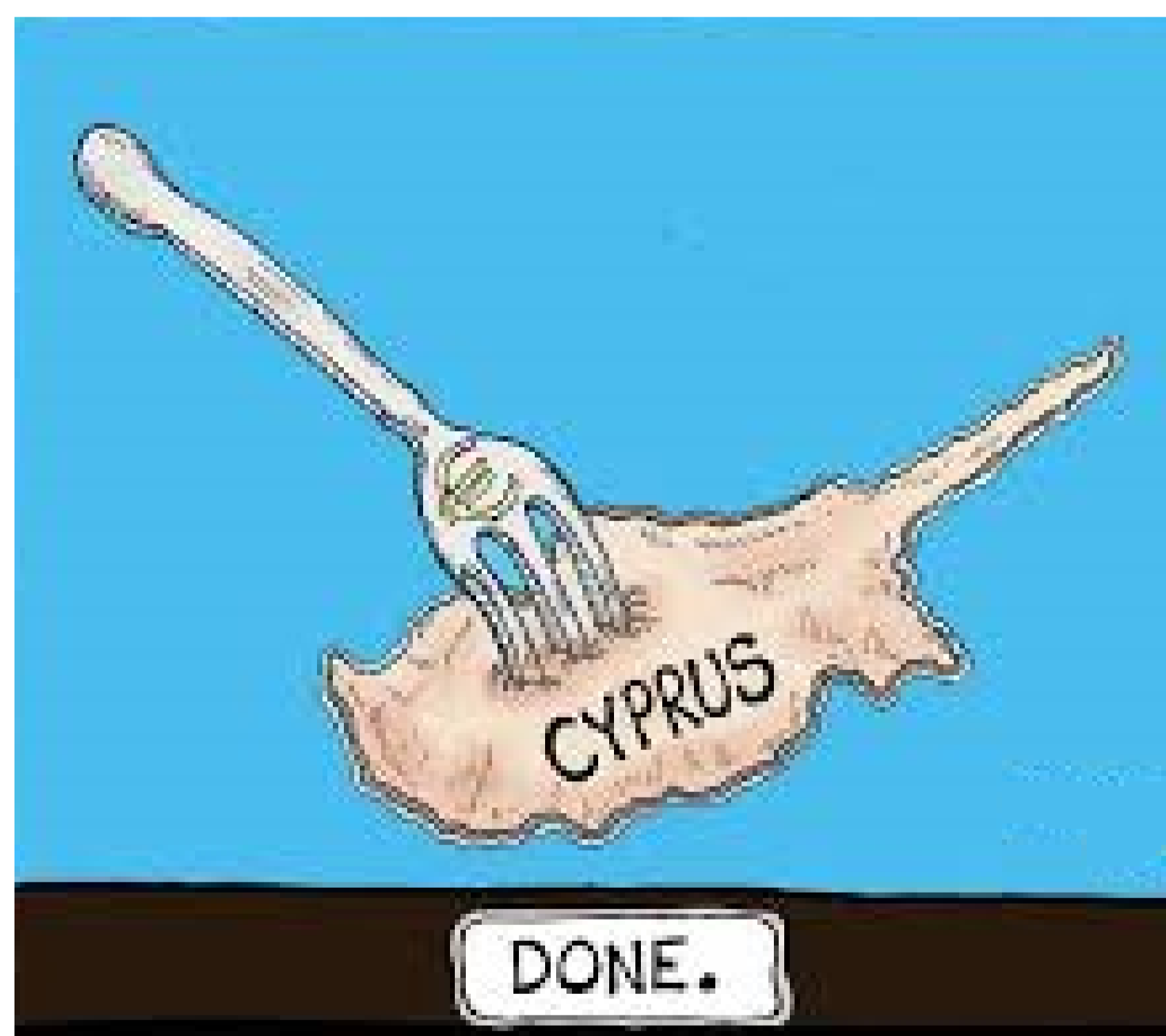
- No country, besides Turkey recognises Northern Cyprus.
- The OECD will not be inviting a non-recognised territories to join the Common Reporting Standard.
- Other territories not recognized by other countries are not invited to join the automatic exchange of information, such as Transnistria (break away from Moldova), Palestine, Kosovo (break away from Serbia), South Ossetia & Abkhazia (break away from Georgia), Nagorno-Karabakh (break away from Azerbaijan), Sahrawi Arab Democratic Republic (break away from Morocco), Novorossiia (break away from Ukraine) and Crimea (break away from Ukraine).

False rumour that Northern Cyprus Treated as a province of Turkey for CRS purposes...



- Some ignorant Cyprus lawyers will tell you that Northern Cyprus is treated as part of a province of Turkey for CRS.
- This is not documented in any Turkish legislation or guidance regarding automatic exchange of information, including in the FATCA IGA.
- Call some banks in Northern Cyprus, and some mid-level manager will retort that they report CRS information to Turkey for onward transmission to the customer's home country. Yet, other major banks in Northern Cyprus proudly proclaim on their web site they are not part of CRS.

FIIs other than banks are not subject to CRS



- Because banks are highly regulated, perhaps some banks do report to CRS information to Turkey.
- However, I am 100% confident the other types of reporting Financial Institutions will not be reporting their information because this procedure is not documented anywhere.
- Custodial, specified insurers and professionally managed investment entities will definitely not be reporting for CRS.
- For example, a trust subject to the jurisdiction of Northern Cyprus because the trustees are resident there, will not report on its account holders, although it will be treated as a Passive NFE subject to look-through if it has its financial accounts maintained in a CRS jurisdiction.
- There will be no reporting if bank accounts are with Northern Cyprus banks.
- If a Northern Cyprus Custodial Institution maintains its bank accounts in a CRS jurisdiction, there will be no automatic exchange of information because there is no look-through of non-participating FI's other than managed investment entities.


FATCA

- Banks in Northern Cyprus, fearful of the 30% withholding penalty if they do not register as a FFI, state they implement FATCA

"In the scope of Inter-Governmental Agreement (IGA) between Turkey and US, the process to be followed in Turkish Republic of Northern Cyprus (TRNC) has not been clarified yet. Therefore HSBC Branches in TRNC will comply with FATCA as an Limited Foreign Financial Institution (LFFI).

- I highly doubt it if other types of reporting FIs such as Professionally Managed Investment Entities located in TRNC registered for FATCA.

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