

Investment Entity, solely because it is an investment advisor or an investment manager? Section VIII(C)(1)(b) applies to Debt and Equity Interests held in an Entity that is an Investment Entity solely because it (i) renders investment advice to, and acts on behalf of, or (ii) manages portfolios for, and acts on behalf of, a customer for the purpose of

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• According to subparagraph C(1)(b), an equity or debt interest in a Financial Institution other than those described in subparagraph C(1)(a) is considered a Financial Account only if the class of interests was established with a purpose of avoiding reporting in accordance with Section I.

investing, managing, or administering Financial Assets deposited in the name of the

customer with a Financial Institution other than such Investment Entity, if the class of

such interests was established with a purpose of avoiding reporting under the CRS.

• Thus, equity or debt interests in a Custodial Institution, Depository Institution, Investment Entity other than an investment advisor or an investment manager described in subparagraph C(1)(a), or Specified Insurance Company, that were established with a

purpose of avoiding reporting will be Financial Accounts.

CRS Section VIII defined terms - Section C Financial Accounts

1. The term "Financial Account" means an account maintained by a Financial Institution, and includes a Depository Account, a Custodial Account and: a) in the case of an Investment Entity, any equity or debt interest in the

Financial Institution. Notwithstanding the foregoing, the term "Financial Account" does not include any equity or debt interest in an Entity that is an Investment Entity solely because it (i) renders investment advice to, and acts on behalf of, or (ii) manages portfolios for, and acts on behalf of, a customer for the purpose of investing, managing, or administering Financial Assets deposited in the name of the customer with a Financial Institution other than such Entity;

b) in the case of a Financial Institution not described in subparagraph C(1)(a), any equity or debt interest in the Financial Institution, if the class of interests was established with a purpose of avoiding reporting in accordance with Section I {Section I of CRS contains the definitions of "Competent Authority", "Reporting FI", "Reportable Account", "Person", Reportable Person", TIN, etc.}

WTF, this anti-avoidance clause applies only to equity interest in Financial institutions that are NOT Investment Entities??!!

WTF, excludes grifty equity interest in Investment Entities? (only applie sto Finnacial Institutions not described in subpar C(1)(b)

Ahh. the con artist smells a weakness

What this means

...in the case of a Financial Institution not described in subparagraph C(1)(a),

 this means equity interest in Custodial Institutions this means equity interest in Specified insurer • this anti-avoidance clause does not apply to equity interest held in Investment Entities

this means equity interest in Financial Institutions other than Investment Entity

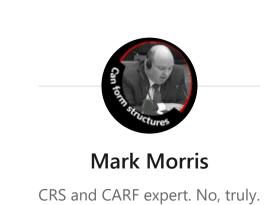
Why did the OECD exclude "equity interest in Investment Entities" from the anti-avoidance clause

If I guess, it's got something to do with the complexity of Equity Interest in Type A Investment Entities, i.e. Managing Investment Entities (eg. wealth managers) because the CRS on Financial Accounts expends an inordinate amount of text regarding shareholders of managing Investment Entities.

What if the equity interest of an Investment Entity was established to avoid reporting under CRS?

My opinion

• By excluding grifter equity interest in Investment Entities from the anti-avoidance rule, they dropped the tablet of rules



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