

1 May 2015

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By email only

Common Reporting Standard: Wider approach to the identification of residents of other jurisdictions

The Financial Services Council (**FSC**) represents Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks, licensed trustee companies and public trustees. The Council has over 125 members who are responsible for investing more than \$2.5 trillion on behalf of 11 million Australians. The pool of funds under management is larger than Australia's GDP and the capitalisation of the Australian Securities Exchange and is the third largest pool of managed funds in the world. The Financial Services Council promotes best practice for the financial services industry by setting mandatory Standards for its members and providing Guidance Notes to assist in operational efficiency.

We refer to the targeted consultation released Friday 17 April 2015 in relation to the *Common Reporting Standard: Wider approach to the identification of residents of other jurisdictions* Discussion Paper (the **CRS Wider Approach Paper**). We thank Treasury for the opportunity to comment on this paper. Our comments on the CRS Wider Approach Paper are below. FSC reserves the right on behalf of its members to make additional comments as CRS is implemented.

FSC strongly supports wider approach

1. **FSC strongly supports the "Wider Approach" or "Big Bang Approach"** for the reasons set out in the CRS Wider Approach Paper. While CRS will of course involve significant cost implications (such as IT, people, training, offer documents and so on), the Wider Approach is much less disruptive and likely to be of significantly lower cost (and disruption) than alternatives to the Wider Approach.
2. Alternatives to the Wider Approach are not supported by FSC, will involve multiple sets of significant changes, would be disruptive to the operation of business (by virtue of the constant changes that alternatives to the Wider Approach would require) and consumers (being contacted randomly and continuously over time) and would require Reporting Financial Institutions to constantly monitor which countries have implemented CRS. Simply, this is unworkable and not practical.


3. FSC does not support approaches other than a “single change”, “Wider Approach” or “Big Bang Approach”. It would be highly disruptive to require a part change here and another change later, and then later on, as additional countries implement CRS over time. This is why FSC has previously submitted that the FATCA and CRS timelines should be aligned and FATCA timelines moved to align with CRS, where applicable.
4. Alternatives which do not involve a “once only change” would be far more disruptive to industry and consumers and would likely be far more expensive as there is more than one change point (in fact there could be scores of change points if the “Wider Approach” is not adopted).

Mandatory approach, and privacy laws if a mandatory approach was not adopted

5. We support a mandatory approach, for the reasons set out in the CRS Wider Approach Paper.
6. While we seek a mandatory approach, if the Government does not adopt a mandatory approach it is absolutely imperative that changes to privacy legislation are made. Tax File Numbers (or the alternative descriptor in other jurisdictions) are very sensitive and important financial data. The privacy law regime requires that there has to be a valid reason for asking for such data, and in the absence of legal compulsion to provide the TFN (or TIN) to the ATO, such valid reason would be missing. If a non-mandatory approach (we do not support this) is adopted, then the Government must amend privacy (and the TFN related) law to permit or require collection of TFN (or their offshore equivalents). If there is any doubt about the power to collect this information (if a non-mandatory approach were adopted), this will create uncertainty for Reporting Institutions as well as recipients of the request for a TFN (or equivalent) as to whether there would be privacy law implications in making the request or providing the information.

Please feel free to contact Stephen Judge on (02) 9299 3022 if you have any questions on our submission. We thank Treasury for continuing to consult with industry as CRS is implemented.

Yours sincerely



Stephen Judge
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