

CRS Undocumented Accounts: Explanatory Note

The CRS only permits pre-existing individual accounts to be reported as undocumented (i.e. Receiving Country is Cayman Islands “KY”) in specific circumstances:

- Financial accounts can only be identified as undocumented where there is only a “hold mail” instruction or “in-care-of” address, **and**
- a paper search fails to establish an indicium, **and**
- the attempt to obtain the self-certification or Documentary Evidence is not successful.

In no other circumstances should an account be reported as an undocumented account. FIs are reminded that for New Accounts a valid self-certification must always be obtained. A pre-existing individual account is a financial account that was in existence as of **31 December 2015**.

In the case of High Value Accounts, where an account is identified and reported as undocumented, the FI is then required to carry out enhanced review procedures annually until the account ceases to be undocumented. This annual review consists of both an electronic record search and a paper record search where applicable. The criteria for an account to be reported as undocumented can be found in subparagraphs B.5, C.5(c), and C.7 of Section III of the [Common Reporting Standard](#):

Section III – subparagraph B.5

If a “hold mail” instruction or “in-care-of” address is discovered in the electronic search and no other address and none of the other indicia listed in subparagraph B(2)(a) through (e) are identified for the Account Holder, the Reporting Financial Institution must, in the order most appropriate to the circumstances, apply the paper record search described in subparagraph C(2), or seek to obtain from the Account Holder a self-certification or Documentary Evidence to establish the residence(s) for tax purposes of such Account Holder. If the paper search fails to establish an indicium and the attempt to obtain the self-certification or Documentary Evidence is not successful, the Reporting Financial Institution must report the account as an undocumented account.

Section III – subparagraph C.5(c)

If a “hold mail” instruction or “in-care-of” address is discovered in the enhanced review of High Value Accounts described above, and no other address and none of the other indicia listed in subparagraph B(2)(a) through (e) are identified for the Account Holder, the Reporting Financial Institution must obtain from such Account Holder a self-certification or Documentary Evidence to establish the residence(s) for tax purposes of the Account Holder. If the Reporting Financial Institution cannot obtain such self-certification or Documentary Evidence, it must report the account as an undocumented account.

Section III – subparagraph C.7

Once a Reporting Financial Institution applies the enhanced review procedures described in paragraph C to a High Value Account, the Reporting Financial Institution is not required to re-apply such procedures, other than the relationship manager inquiry described in subparagraph C(4), to the same High Value Account in any subsequent year unless the account is undocumented where the Reporting Financial Institution should re-apply them annually until such account ceases to be undocumented.

Although the CRS outlines the criteria in order to be undocumented, the term “undocumented” is open to misinterpretation. For example, it has often been taken to (incorrectly) mean any account for which a self-certification was requested but not obtained, or any account where no indicia was held on record.