

CRS Active decision tree - Glossary

Financial Institution	<p>The term “Financial Institution” means a “Custodial Institution”, a “Depository Institution”, an “Investment Entity”, a “Specified Insurance Company” or a “UK Financial Institution”.</p> <p>Custodial Institution The term “Custodial Institution” means any Entity that holds, as a substantial portion of its business, Financial Assets for the account of others. This is where the Entity’s gross income attributable to the holding of Financial Assets and related financial services equals or exceeds 20% of the Entity’s gross income during the shorter of: (i) the three-year period that ends on 31 December (or the final day of a non-calendar year accounting period) prior to the year in which the determination is being made; or (ii) the period during which the Entity has been in existence.</p> <p>Depository Institution The term “Depository Institution” means any Entity that accepts deposits in the ordinary course of a banking or similar business.</p> <p>Investment Entity The term “Investment Entity” includes two types of Entities: (i) an Entity that primarily conducts as a business one or more of the following activities or operations for or on behalf of a customer: • Trading in money market instruments (cheques, bills, certificates of deposit, derivatives, etc.); foreign exchange; exchange, interest rate and index instruments; transferable securities; or commodity futures trading; • Individual and collective portfolio management; or • Otherwise investing, administering, or managing Financial Assets or money on behalf of other persons. • Such activities or operations do not include rendering non-binding investment advice to a customer. (ii) The second type of “Investment Entity” (“Investment Entity managed by another Financial Institution”) is any Entity the gross income of which is primarily attributable to investing, reinvesting, or trading in Financial Assets where the Entity is managed by another Entity that is a Depository Institution, a Custodial Institution, a Specified Insurance Company, or the first type of Investment Entity.</p> <p>Investment Entity located in a Non-Participating Jurisdiction and managed by another Financial Institution The term “Investment Entity located in a Non-Participating Jurisdiction and managed by another Financial Institution” means any Entity the gross income of which is primarily attributable to investing, reinvesting, or trading in Financial Assets if the Entity is (i) managed by a Financial Institution and (ii) not a Participating Jurisdiction Financial Institution.</p> <p>Investment Entity managed by another Financial Institution An Entity is “managed by” another Entity if the managing Entity performs, either directly or through another service provider on behalf of the managed Entity, any of the activities or operations described above in the definition of ‘Investment Entity’. An Entity only manages another Entity if it has discretionary authority to manage the other Entity’s assets (either in whole or part). Where an Entity is managed by a mix of Financial Institutions, NFEs or individuals, the Entity is considered to be managed by another Entity that is a Depository Institution, a Custodial Institution, a Specified Insurance Company, or the first type of Investment Entity, if any of the managing Entities is such another Entity.</p> <p>Participating Jurisdiction Financial Institution The term “Participating Jurisdiction Financial Institution” means (i) any</p>
------------------------------	---

	<p>Financial Institution that is tax resident in a Participating Jurisdiction, but excludes any branch of that Financial Institution that is located outside of that jurisdiction, and (ii) any branch of a Financial Institution that is not tax resident in a Participating Jurisdiction, if that branch is located in such Participating Jurisdiction.</p> <p>Non-Reporting Financial Institution A "Non-Reporting Financial Institution" means any Financial Institution that is:</p> <ul style="list-style-type: none"> • a Governmental Entity, International Organisation or Central Bank, other than with respect to a payment that is derived from an obligation held in connection with a commercial financial activity of a type engaged in by a Specified Insurance Company, Custodial Institution, or Depository Institution; • a Broad Participation Retirement Fund; a Narrow Participation Retirement Fund; a Pension Fund of a Governmental Entity, International Organisation or Central Bank; or a Qualified Credit Card Issuer; • an Exempt Collective Investment Vehicle; or • a Trustee-Documented Trust: a trust where the trustee of the trust is a Reporting Financial Institution and reports all information required to be reported with respect to all Reportable Accounts of the trust; • any other defined in a countries domestic law as a Non-Reporting Financial Institution. <p>Specified Insurance Company A Specified Insurance Company is an Entity that is an insurance company (or the holding company of an insurance company) that issues, or is obligated to make payments with respect to, a Cash Value Insurance Contract or an Annuity Contract.</p> <p>UK Financial Institution A UK Financial institution is any financial institution resident in the UK, as well as any branch of a non-resident financial institution located in the UK.</p>
Previous Reporting Period / Calendar Year	The standard time period for this question would be the previous Calendar Year (January to December), however, in this circumstance the Entity is permitted to use its own year end timelines which could be any month within the year.
Passive Income	<p>In determining what is meant by "passive income", reference must be made to each jurisdiction's particular rules. Passive income would generally be considered to include the portion of gross income that consists of:</p> <ol style="list-style-type: none"> a) dividends; b) interest; c) income equivalent to interest; d) rents and royalties, other than rents and royalties derived in the active conduct of a business conducted, at least in part, by employees of the NFE; e) annuities; f) the excess of gains over losses from the sale or exchange of Financial Assets that gives rise to the passive income described previously; g) the excess of gains over losses from transactions (including futures, forwards, options, and similar transactions) in any Financial Assets; h) the excess of foreign currency gains over foreign currency losses; i) net income from swaps; or j) amounts received under Cash Value Insurance Contracts. <p>Notwithstanding the foregoing, passive income will not include, in the case of a NFE that regularly acts as a dealer in Financial Assets, any income from any transaction entered into in the ordinary course of such dealer's business as such a dealer.</p>
Established Securities Market	An Exchange that is officially recognised and supervised by a governmental authority in which the market is located and that has a meaningful annual value of shares traded on the exchange, for example the FTSE 100
Investment Fund	<p>An example of an Investment Fund would be:-</p> <ul style="list-style-type: none"> - Private Equity Fund - Venture Capital Fund - Leveraged Buyout Fund <p>Or any other Investment Vehicle whose purpose it is to acquire or fund</p>

	companies and hold interest in those companies as capital assets for investment purposes
Related Entity	An Entity is a Related Entity if:- <ul style="list-style-type: none"> - Either Entity controls the other Entity - The two Entities are under common control
Governmental Organisation	An organisation that is owned and managed by the Government of a Jurisdiction/Country
International Organisation	An international organization is an organization with an international membership, scope, or presence. There are two main types:- <ul style="list-style-type: none"> - An International Non-governmental Organisation (INGO) is an organisation with no ties to one or more governments around the world, an example of an INGO would be the International Committee of the Red Cross - An International Governmental Organisation (IGO) is an organisation that is closely related to a government or is made up primarily of 'sovereign states' ,an example of an IGO would be the United Nations or the World Trade Organisation
A Central Bank	A countries central bank of issue that is not constituted as the United States Central Bank of Issue, an example of this would be:- <ul style="list-style-type: none"> - The Bank of England - Central Bank of Ireland
Passive NFE	A "Passive NFE" means any: (i) NFE that is not an Active NFE; and (ii) Investment Entity located in a Non-Participating Jurisdiction and managed by another Financial Institution. <p>If you have reached this classification status but do not agree with it, we would recommend that you seek independent support and information from a Tax Advisor</p>