KPMG AEOI Updates & Tracking Service CRS Alert

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Country:	Canada	**Regime:**	CRS
Document Type:	Guidance		

Canada: Updated CRS Guidance Reflecting the OECD's CRS 2.0

On 2 July 2026, the Canada Revenue Agency (CRA) released an updated version of its Common Reporting Standard (CRS) Guidance to reflect the OECD's 2023 amendments to the CRS (CRS 2.0).

The CRA has indicated that CRS 2.0 is scheduled to take effect under Canada's domestic framework from 1 January 2027.

The key updates include:

— **Enhanced Reporting Requirements (Chapter 12.60):**

Beginning in 2027, Reporting Financial Institutions (RFIs) will be required to report additional information regarding CRS Reportable Accounts, including:

- Confirmation as to whether a valid self-certification has been obtained from each account holder and Controlling Person of a reportable account.
- An indication of whether the account is a joint account and, if so, the number of joint account holders.
- Identification of the type of financial account and an indication of whether the account is a Pre-existing Account or a New Account.

  For CRS 2.0 purposes, an account will be considered a New Account if it is opened after 31 December 2026.
- Details of the roles under which each Reportable Person qualifies as a Controlling Person of an entity.

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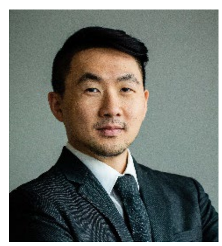

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  - Details of the roles under which a Reportable Person is considered an Equity Interest Holder in an Investment Entity that is a legal arrangement.

- **Transitional Provisions (Chapter 12.57):**

  Transitional relief is available for Reportable Accounts maintained by RFIs on or before 31 December 2026 and applies through reporting periods ending before 2029. During this period, RFIs are required to report the roles of Controlling Persons or Equity Interest Holders only where such information is contained in their electronically searchable records.

  A new reporting code, CRS800, has been introduced for reporting such accounts.

- **Amended Due Diligence Requirements:**

  - **Temporary Absence of a Valid Self-Certification for New Accounts (Chapter 6.26):**

    In exceptional circumstances where an RFI is unable to obtain a valid self-certification when a new account is opened, the RFI must temporarily apply the due diligence procedures applicable to Pre-existing Accounts until a valid self-certification is obtained and validated.

  - **Reasonableness of Self-Certifications (Chapter 6.30):**

    If an RFI knows, or has reason to know, that a self-certification is incorrect or unreliable due to a change in circumstances, it must obtain either a valid self-certification or, where appropriate, a reasonable explanation supported by relevant documentation. Otherwise, the RFI is expected to report that the account does not have a valid self-certification.

  - **Jurisdictions of Tax Residence (Chapter 7.62):**

    From 2027 onward, Account Holders who are tax residents in more than one jurisdiction must declare all jurisdictions of tax residence in their self-certifications.

    Accordingly, self-certification forms must allow account holders to report all jurisdictions of tax residence.

  - **Reporting of Foreign Tax Identification Numbers (FTINs) (Chapter 7.64):**

    The CRA requires RFIs to make reasonable efforts to obtain and report FTINs for reportable accounts. RFIs should establish appropriate procedures to collect FTINs from reportable account holders and retain documentation evidencing the reasonable efforts taken to obtain the information.

  - **Entity Account Holders Certifying No Tax Residence (Chapter 9.37):**

Where an entity account holder certifies that it is not a tax resident in any jurisdiction, the RFI should treat the account as not having a valid self-certification. The RFI should inform the account holder that it should determine its jurisdiction of tax residence. For example, the RFI can recommend that the account holder seek professional tax advice.

- **Determination of Controlling Persons (Chapter 9.44):**

  While RFIs may rely on publicly available information and/or Anti-Money Laundering and Know Your Customer (AML/KYC) procedures to identify Controlling Persons (CPs), provided such procedures are consistent with the 2012 FATF Recommendations (FATF 2012), RFIs must obtain a self-certification from the account holder, including information from each CP to determine whether the CPs are reportable persons. Where AML/KYC procedures consistent with FATF 2012 are not legally required, RFIs must apply substantially equivalent procedures to identify Controlling Persons.

- **Expansion of Reporting Entities and Reportable Accounts:**

  - **Depository Institutions (Chapter 3.5):**

    The definition of “Depository Institutions” has been expanded to include entities that hold Specified Electronic Money Products (SEMPs) or Central Bank Digital Currencies (CBDCs) for the benefit of customers.

  - **Depository Accounts (chapter 5.30):**

    Correspondingly, the definition of “Depository Accounts” has been expanded to include:

    - Accounts or notional accounts representing SEMPs held for the benefit of a customer; and
    - Accounts in which one or more CBDCs are held for the benefit of a customer.

  - **Financial Asset (chapter 4.11):**

    The definition of “Financial Asset” has been expanded to include relevant crypto-assets.

  - **Investment Entity (chapters 3.14, 3.16):**

    The definition of Investment Entity has been expanded to include:

    - Entities that engage in the investment, administration, or management of relevant crypto-assets on behalf of customers; and
    - Entities whose gross income of which is primarily attributable to investing, reinvesting, or trading in relevant crypto-assets, if they are managed by another FI.

- **New Categories of Excluded Accounts:**
  - **SEMPs (chapter 5.17):**

    A Depository Account that only includes SEMPs will be classified as an Excluded Account if, during any 90-day period within the relevant reporting year (or other applicable reporting period), the average daily balance of the account does not exceed USD 10,000 on any day during that period.

  - **Capital Contribution Accounts (chapter 5.20):**

    Capital contribution accounts will be classified as Excluded Accounts, provided all of the following conditions are met:

    - The account is used exclusively for the deposit of capital for the establishment of the company or for a capital increase.
    - All amounts in the account remain blocked until the RFI receives confirmation from an independent body regarding the establishment of the company or the completion of the capital increase.
    - Following the establishment of the company or the completion of the capital increase, the account is either closed or converted into an account held in the name of the company.
    - Any refunds arising from an unsuccessful establishment or capital increase, after deduction of service provider fees, are paid exclusively to the persons who contributed the capital.
    - The account was opened within the previous 12 months.
- **Non-Reporting Financial Institutions (NRFIs):**
  - **Governmental Entities (Chapter 3.47):**

    New exceptions have been introduced that may prevent certain Governmental Entities from qualifying as NRFIs:

    - They receive payments derived from an obligation related to commercial financial activities similar to those conducted by Specified Insurance Companies, Custodial Institutions, or Depository Institutions.
    - They maintain CBDC accounts for account holders other than FIs, Governmental Entities, International Organizations, or Central Banks.

Reference: CRS Guidance

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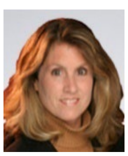

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