AFB

AFB Seminar:

Navigating the OECD's Updated Common Reporting Standard 2.0

16 September 2026

Agenda

1. Main changes for onboarding and reporting under CRS 2.0
2. Impact of CRS 2.0 on e-money products
3. Preparing for new HMRC reporting requirements in 2027
4. Current HMRC AEOI audit activities and lessons learned

01

Main changes for onboarding and reporting under CRS 2.0

CRS 2.0: the headline changes

In force in the UK from 1 January 2026, under the International Tax Compliance (Amendment) Regulations 2025.

Wider scope

E-money, central bank digital currencies and certain crypto-linked instruments are now reportable financial assets.

More onboarding data

Additional fields on account type, joint account holder status and controlling person roles are now mandatory at onboarding.

Mandatory registration

All Reporting Financial Institutions had to register with HMRC by 31 December 2025, even if they have no reportable accounts. New Fis need to register by 31 January of the following year.

Source: HMRC International Exchange of Information Manual, updated 6 November 2025

New data fields for onboarding and reporting

From the 2026 reporting year, HMRC's enhanced reporting obligations (IEIM402005) require:

- A valid self-certification confirmed for the account holder and any controlling person(s)
- The role of each controlling person for entity account holders
- The role of equity interest holders in investment entities that are legal arrangements
- Whether the account is joint and, if so, the number of joint holders
- The financial account type: depository, custodial, equity or debt interest, or cash value insurance
- Whether the account is pre-existing or new

How existing financial products are affected

Deposit / current accounts

Already reportable. New onboarding fields (joint status, account type, pre-existing flag) must be captured and mapped.

Custodial accounts

Already reportable. Controlling persons now need explicit capture for legal arrangements.

Investment entities and trusts

Due diligence tightened: roles of settlor, trustee, beneficiary and protector must be individually identified and reported.

Cash value insurance and annuities

Remains reportable; account type must now be tagged explicitly against the new financial account type field.

E-money products and CBDCs

Newly in scope from 1 January 2026, as a form of depository account.

A higher due diligence bar

Self-certification

– A self-certification known or suspected to be incorrect must be re-validated, not relied on

– Where a new one is needed, HMRC allows up to 90 days to obtain and validate it

– Accounts without a valid self-certification must now be flagged in the report

TIN validation

– A self-certification must contain a TIN, where one is issued, to be valid

– An obviously wrong-format TIN invalidates it, even without an explicit CRS rule

– Onboarding must catch format errors; OECD format guidance can be leveraged

Why this lands differently for a branch

The structural position of a branch, not just the substance of CRS 2.0, is what makes the compliance load heavier.

Two-speed compliance

Where head office hasn't adopted CRS 2.0 on the same timeline, branch teams run two versions of the same customer data model in parallel.

Global systems, local obligation

New CRS 2.0 fields are often not native to centralised group platforms, forcing bolt-on trackers that are harder to evidence under review.

Branch nexus, branch -sized team

HMRC treats the UK branch as a Reporting Financial Institution in its own right, with full exposure but typically leaner resource than a subsidiary.

Competing change programmes

Other regimes such as CARF are landing at the same time, competing for the same change budget and specialist resource.

02

Impact of CRS 2.0 on e-money products

E-money brought into scope: the SEMP test

On 1 January 2026, the definition of a depository account expanded to include Specified Electronic Money Products (SEMPs) held for a customer.

A product is a SEMP where it:

1. Represents a digital version of a single fiat currency
2. Is issued on receipt of funds for payment purposes
3. Is, by regulatory requirement on the issuer, redeemable at any time and at par value in that fiat currency on request

A product created solely to facilitate a transfer of funds on the customer's instruction is not a SEMP.

The low-value exclusion, and its operational catch

US$10,000

rolling 90-day average balance threshold. Accounts below this are excluded accounts and must not be reported.

Ongoing, not one-off

Monitoring starts 1 January 2026; the first 90-day rolling average calculation falls on 31 March 2026, then continues throughout the year.

Customer level, not account level

The exclusion is assessed across a customer's aggregated e-money balances.

Can flip on and off

Exceeding the threshold makes the account reportable from that point. Falling back below it later can make it excluded again.

Issuers, agents and distributors: who reports?

CRS status follows regulatory status. E-money regulation already draws a clear line between who can issue and who can only distribute; CRS 2.0 does not redraw it.

Bank that is an e -money issuer

- Only an authorised EMI can issue e-money; an agent or distributor cannot
- As the entity holding customer funds, the issuer is the Reporting Financial Institution
- The obligation sits with the issuer even where onboarding is outsourced

Agents and distributors

- May distribute or redeem e-money, and run customer-facing onboarding under agency arrangements
- Do not become the Reporting Financial Institution simply by holding the customer relationship
- The issuer remains accountable for the accuracy of data collected on its behalf

03

Preparing for new HMRC reporting requirements in 2027

The road to 2027

31 Dec 2025

Registration

All Reporting Financial Institutions and Trustee-Documented Trusts had to be registered with HMRC, regardless of reportable accounts.

1 Jan 2026

Data collection begins

CRS 2.0 due diligence and onboarding rules apply. 2026 is the first reporting year; everything filed in 2027 rests on data captured now.

1 Jan 2027

Schemas split

The combined CRS/FATCA XML schema retires. Each must be reported using separate OECD and IRS schemas, including prior-year corrections.

31 May 2027

First CRS 2.0 report due

Covers the 2026 calendar year, the first report to reflect the full CRS 2.0 data set.

A bigger shift than it looks: schema separation

From 1 January 2027, HMRC will no longer accept the combined CRS/FATCA schema, including for submissions relating to previous calendar years.

CRS reporting

Uses the OECD's amended CRS XML schema, published October 2024 (informally “v3.0”), with a matching User Guide v4.0.

FATCA reporting

Uses the IRS FATCA XML schema (Form 8966), published January 2017; reported separately from CRS for the first time in the UK.

Practical effect: institutions and service providers need two validated, tested reporting builds ready well before 31 Decembe 2026, not one build with a late relabel.

Enhanced penalty regime

HMRC's new penalty regime went live on 16 July 2025, introducing significant per-account penalties. These can now be levied on audits of 2025 returns.

Failure	Penalty
Failure to register with HMRC	£1,000, plus £300 per day
Failure to apply due diligence procedures	£100 per account holder, rising to £300 for no valid self-certification
Failure to notify account holders	£100 per account
Failure to provide information requested by HMRC	£5,000, plus £600 per day
Failure to comply with record-keeping requirements	£5,000
Late returns	£5,000, plus £600 per day
Inaccurate or incomplete returns	£100 per account holder

Building readiness into the compliance roadmap

1

Gap assessment

Map current onboarding, due diligence and reporting processes against the full CRS 2.0 data set and the 2027 schema.

2

Legacy remediation

Plan the look-back exercise for pre-existing accounts, including TIN validation and remediation of invalid self-certifications.

3

Dual schema testing

Build and test CRS and FATCA submissions separately, well ahead of the 31 December 2026 cut-off for the combined schema.

4

Governance and evidence

Document classification decisions and due diligence steps taken now.

04

Current HMRC AEOI audit activities and lessons learned

HMRC's audit activity is intensifying

Registration follow -up

HMRC is actively pursuing firms that have come into scope but not registered, including newly captured EMIs and payment institutions.

Data -driven reviews

Audits increasingly draw on data analysis and cross-referencing against other sources, including regulator registers, to surface inconsistencies.

Classification challenge

Tax authorities ask institutions to justify how entities and customers have been classified, rather than accepting the stated position.

Sustained investment

HMRC has earmarked £24.9m in IT investment and £2.8m in staffing to support CRS and FATCA processing.

Common findings and lessons learned

Common findings

– Missing or structurally invalid TINs

– Incomplete or inaccurate self-certifications, especially for legacy accounts

– Incorrect classification of entities and controlling persons

– Documentation held outside controlled, centrally accessible repositories

– Fragmented records that become inaccessible when teams or systems change

– Classification decisions with no retained rationale under review

Lessons learned

Evidence, not assertion

Firms that show their workings fare better under review than those that simply state the outcome.

Documented rationale

Decisions are retained with the reasoning behind them, accessible independently of who made them.

Multi -year retention

Records survive team and system changes; firms map where documentation lives before an enquiry lands.

Trigger -based monitoring

Changes such as address updates are systematically flagged and routed to reassessment.

Practical steps to strengthen your controls

1. Run a TIN format validation pass across your reportable population before the next filing cycle

2. Refresh self-certifications for pre-existing accounts flagged as incomplete

3. Centralise classification records in a single, access-controlled repository

4. Build a documented rationale trail for every classification decision going forward

5. Set up systematic triggers for reassessment on address, entity or ownership changes

6. Rehearse an HMRC enquiry response internally to test how quickly evidence can be retrieved

Closing the gap: what branches are doing now

Review onboarding processes

Gaps such as failing to collect a valid self-certification will now be flagged to HMRC.

Formalise oversight of group functions

Where onboarding runs through a group shared service centre, document where branch accountability sits and ensure a UK-specific audit trail is retrievable on demand.

Build the business case early

Don't assume the group technology roadmap will prioritise UK requirements; make the case for local change capacity before 2027.

Get ahead of HMRC audits

In an audit, HMRC expects to be walked through your processes end to end. Are you able to do that now?

Remediate the back book

New CRS 2.0 data points must be reported for pre-existing accounts, even where the information may not be stored systematically.

Key takeaways

1. CRS 2.0 widens scope and deepens the data you must capture at onboarding, not just at reporting
2. E-money issuers are now squarely in scope: map your SEMP population and monitor the $10,000 threshold on a rolling basis
3. 2027 brings a genuine double change: enhanced reporting and a split CRS/FATCA schema, so plan and test both separately
4. An enhanced penalty regime raises the expectation that documented policies and procedures are ready for HMRC review

AFB

Please scan QR code to leave feedback