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## Updates to the OECD Common Reporting Standard (CRS)

The Central Bank of Bahrain (CBB) has issued an amended Directive OG/33/2026 on the Automatic Exchange of Information (AEOI) for Tax Purposes, requiring all reportable financial institutions (RFIs) to implement the updated OECD Common Reporting Standard (CRS). All RFIs operating under the CBB must adopt these changes by 1 January 2026, with the first reports due in 2027. These updates expand the scope to include digital assets, strengthen due diligence, and introduce new reporting fields.

## Key Amendments (CRS 2.0)

### 1. Expanded Scope of “Financial Assets” Classification

The definition of “Financial Assets” has been broadened to include Specified Electronic Money Products (e-money), Central Bank Digital Currencies (CBDCs), crypto-assets derivatives and other relevant crypto-assets to be interpreted in line with the Commentary of the Crypto-Asset Reporting Framework (CARF).

All crypto-asset service providers in Bahrain primarily regulated through Volume 6, will fall within the scope of this expanded framework.

### 2. Strengthening Due Diligence

RFIs will now face additional due diligence requirements and greater scrutiny of self-certifications of customers and controllers. Accordingly, the declaration forms will need to be updated to include the new information required.

For multi-resident and dual-account holders, all jurisdictions of tax residence should be self-certified by the account holder, and they should be treated as a tax-resident in all identified jurisdictions. OECD urges RFIs to place emphasis on account holders or controlling persons who have provided documentation as basis of their tax residency under Residence-by-Investment (RBI) and Citizenship-by-Investment (CBI) schemes. The OECD endeavors to publish information on such potentially high-risk CBI/RBI schemes on its website, for ready reference. RFIs may rely on a Government Verification Services (GVS) procedure to ascertain the identity and tax residence.

For new entity accounts, reporting financial institutions must adhere to AML/KYC procedures in line with the 2012 FATF Recommendation.

### 3. Certain Exclusions

Genuine non-profit entities can now be categorized as Non-Reporting Financial Institutions, subject to meeting the specific conditions and being adequately verified by the tax administration of the jurisdiction.

Capital contribution accounts used for a limited period of time due for company incorporation or a pending capital increase are now also considered as Excluded Accounts for a maximum period of 12 months, provided adequate safeguards are in place to prevent misuse.

### 4. Expansion of Reporting Requirements

OECD released the new CRS XML Schema version 4.0 in October 2024 to accommodate additional data fields to support the implementation of CRS 2.0, effective January 1, 2026. RFIs must collect and report the respective data fields in relation to account holders and controlling persons, covering the following:

- a. The role of the controlling person in relation to the entity account holder and equity interest holders in an investment entity.
- b. Whether the account is new or pre-existing.
- c. Whether valid self-certifications have been obtained from the account holder.
- d. Whether the account is a joint account, and number of joint account holders.
- e. The type of financial account – i.e., Depository Account, Custodial Account, Equity and debt Interest, and Cash Value Insurance Contract.

### How Can Keypoint Assist?

Financial institutions are encouraged to conduct gap analyses, update onboarding processes, and train staff to ensure readiness for the new compliance landscape. Keypoint is well-positioned to support financial institutions in navigating the expanded obligations under CRS 2.0, and can assist with the below, to ensure compliance with the new CRS requirements:

1. Help FIs assess impact of CRS update.
2. Assist in updating self-certification forms.
3. Assist in updating CRS procedures.
4. Review Reportable Account Holder Data.

Through a combination of regulatory expertise, technical support, and practical implementation guidance, Keypoint can enable you to remain compliant, minimize risk, and adapt seamlessly to the evolving CRS framework.

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