

**THE ANTHONY AND GWENDOLINE WYLDE MEMORIAL CHARTIY
(Registered Charity Number: 700239)**

**APPENDIX TO GRANT APPLICATION FORM
DEFINITIONS**

The terms below are definitions of key terms referred to in this application form are taken from HMRC guidance. These definitions are intended to provide clarification and do not replace the definitions within the Common Reporting Standards.

For further information about these definitions please refer to:

HMRC's internal manual – International Exchange of Information Manual – Charities:
<https://www.gov.uk/hmrc-internal-manuals/international-exchange-of-information/ieim404700>

Financial Institution

The various UK regulations for automatic exchange of financial account information impose obligations on UK Financial Institutions to collect and maintain information about the residence, and in the case of the USA the citizenship as well, of individuals and entities for whom they maintain financial accounts. In the case of grant-making charities this includes those to whom grants are awarded. The 'wider approach' requires them to keep information in respect of all Account Holders for a period of 6 years and to report it to HMRC to the extent that it is reportable under one of the agreements.

Financial Institution means a 'Custodial Institution', a 'Depository Institution', and 'Investment Entity' or a 'Specified Insurance Company'.

i) Custodial Institution

In brief, a Custodial Institution is an entity that holds, as a substantial portion of its business, financial assets for the account of others.

In this context, a substantial portion is taken as being at least 20% of the entity's gross income that is attributable to holding financial assets and providing related financial services in the shorter of:

- Its last three accounting periods, or
- The period since it commenced business.

ii) Depository Institution

In summary, a Depository Institution is an institution that accepts deposits in the ordinary course of a banking or similar business.

HMRC will regard a person carrying out an activity in the UK that is a regulated activity for the purposes of the Financial Services and Markets Act 2000 by virtue of Article 5 of

the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (accepting deposits) as a Depository Institution.

iii) Investment Entity

An entity will be an Investment Entity if it meets either one of the following two sets of criteria.

a) Activity Based Investment Entity

An entity will be an Investment Entity if it primarily conducts as a business for or on behalf of a customer one or more of the following activities or operations:

- Trading in money market instruments (cheques, bills, certificates of deposit, derivatives, etc.);
- Foreign exchange;
- Exchange, interest rate and index instruments;
- Transferable securities;
- Commodity futures trading;
- Individual and collective portfolio management;
- Otherwise investing, administering or managing funds or money on behalf of other persons.

An entity will be regarded as primarily conducting these activities or operations as a business if its gross income from conducting these activities is at least 50% of its total gross income during the shorter of:

- The three year period ending on 31 December in the year preceding that in which its status as an investment entity is to be determined; or
- The period in which the entity has been in existence.

b) Managed Investment Entity

An entity will be an investment entity if it is managed by a Financial Institution and meets the financial assets test as described below.

An entity is managed by a Financial Institution if that Financial Institution performs, either directly or through another service provider, any of the activities described in the section above (activity based investment entity) on behalf of the entity. An entity is not regarded as managed by a financial institution if that Financial Institution does not have discretionary authority to manage the entity's assets either in whole or in part.

An entity may be managed by a mix of other entities and individuals. If one of the entities so involved in the management of the entity is a Financial Institution within the meaning of the agreements then the entity meets the requirements for being managed by a Financial Institution.

An entity meets the financial assets test if its gross income is primarily attributable to investing, reinvesting or trading in financial assets. This is a similar test to that in the section above requiring that at least 50% of its income is attributable to investing, reinvesting or trading in financial assets in the shorter of:

- The three year period ending on 31 December in the year preceding that in which its status as an investment entity is to be determined; or
- The period in which the entity has been in existence.

iv) Specified Insurance Company

A Specified Insurance Company is an entity that is an insurance company, including a holding company in an insurance group, that writes products classified as Cash Value Insurance Contracts or Annuity Contracts or makes payments with respect to such contracts.

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.

Financial Asset

Financial Assets are investments such as securities (stocks, shares, bonds, debentures), commodities, swaps, insurance or annuity contracts and interests in partnerships. They also include any interests in Financial Institutions or Investment Entity. They do not include direct interests in real property or cash.

Financial Account

For Investment Entities, Financial Accounts are the debt and equity interests in that entity. For charities that are trusts this will include settlors and beneficiaries of the trust (but not donors). For charities that are companies this will include shareholders and anyone else with an interest in the profits or capital of the company.

Account Holder

An Account Holder is the person who holds an account with a Financial Institution. For a charity that is an Investment Entity, and therefore is itself a Financial Institution, its Account Holders are the persons that hold its debt or equity interests, so for example the trust beneficiary or company shareholder. Trust beneficiaries include anyone who receives a distribution from the trust, whether directly or indirectly, and whether discretionary or mandatory.

Entity

Any Financial Institution or Account Holder that is not a natural person This includes companies, partnerships, trusts, foundations, associations and other legal arrangements.

An unincorporated association is an entity, even if all its members are natural persons.

Non-Financial Entity (NFE)

Any Entity that is not a Financial Institution.

Active Non-Financial Entity

A Non-Financial Entity with less than 50% of its income from Passive Income sources; a publicly traded NFE, or non-profit NFE.

A non-profit NFE is a not for profit organisation established and operated in its jurisdiction of residence exclusively for religious, charitable, scientific, artistic, cultural, athletic or educational purposes, or as a professional organisation, business league, chamber of commerce, labour organisation, agricultural or horticultural organisation, civic league or an organisation operated for the promotion of social welfare. In all cases the organisation must be exempt from income tax and its income and assets cannot be applied other than for the express purposes for which the organisation is established.

The latter category means that all UK charities that are not financial institutions are Active NFEs irrespective of their income sources.

Passive Non-Financial Entity

Any Non-Financial entity that is not within one of the classes of active NFE. It also includes an Investment Entity within the definition of a Managed Investment Entity that is resident in a Non-Participating Jurisdiction.

Passive Income

Income from investing in assets, rather than from trading or business activities. The receipt of a program-related or social investment in the form of a grant or a loan is not considered to be passive income.

Reportable Account

An account held by an individual or Entity resident for tax purposes in a Reportable Jurisdiction. For most charitable trusts this will be the grant recipient of the charity. It also includes the Controlling Persons of a Passive Non-Financial Entity who are tax resident in a Reportable Jurisdiction.

Controlling Person

This is relevant for entities that are Passive Non-Financial Entities; it is synonymous with 'beneficial owner' and is the natural person(s) who exercise control over an entity. For companies it will include those controlling more than 25% of the company and/or its assets, or if none has such control the Senior Managing Official; for partnerships it is the partners. For trusts and similar legal arrangements it means the settlor(s), trustee(s), protector(s), beneficiary(ies) or class(es) of beneficiary; for trusts all of these natural persons must be treated as Controlling Persons, whether or not any of them actually exercises control over the trust.

Reportable Jurisdiction

A jurisdiction that has adopted the CRS and with which the UK has an agreement to exchange information.

Non-Participating Jurisdiction

Any jurisdiction that has not committed to adopt the CRS. A list of participating jurisdictions can be found at [CRS by jurisdiction - Organisation for Economic Co-operation and Development](#). A non-participating jurisdiction would be any jurisdiction not appearing on this list. Participating jurisdictions are not necessarily reportable jurisdictions. Reportable jurisdictions are those that have both enacted the CRS in domestic legislation and that the UK has agreed to exchange information with.

TIN

Tax Identification Number, or functional equivalent. In the UK this will be either a National Insurance Number or Unique Taxpayer Reference Number, where issued. A list of the TINs issued by different jurisdictions can be found at [Tax identification numbers \(TINs\) - Organisation for Economic Co-operation and Development](#).