



TCI Financial Industry Association  
AEOI in Practice

EXCHANGE OF INFORMATION UNIT



**TAX INFORMATION EXCHANGE AND AEOI**

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**FATCA** – FOREIGN ACCOUNTS TAX COMPLIANCE ACT

**UK CDOT** – INTERGOVERNMENTAL AGREEMENT

**CRS** – COMMON REPORTING STANDARD

**BEPS** – BASE EROSION AND PROFIT SHIFTING

**BENEFICIAL OWNERSHIP & CENTRAL REGISTRY**

**GLOBAL FORUM ONSITE (2<sup>ND</sup> HALF 2017)**

**EU NON-COOPERATIVE LISTING / SCREENING**



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## AEOI in Practice



- **Tax Information Exchange - Transparency**
- **Drivers**
  - Tax Avoidance, Tax Evasion, Terrorist Financing, Money Laundering
  - Global Standard – OECD/FATF/CFATF/Global Forum/IMF
- **Universal Tax Exchange Instruments / Treaties**
  - TIEA's, DTA, DTC, IGA, CRS-AEOI, MCAA, MAC
- **TCI Taxation Regime**
  - Non- Direct Taxation
  - No Broad Base Tax / Income Tax, etc
- **G8 Presidency UK 2013**
  - The Convention in the UK-OTs relationship; OT's Entrustment Letter.



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### The Legislative Framework & Statutes

- Tax Information Exchange Ordinance 2009 , Amended 2014 – Competent Authority Powers
- Tax Information (Exchange and Mutual Administrative Assistance) ( United Kingdom and Turks and Caicos Islands Agreement to Improve International Tax Compliance) Order 2014. *UK/TCI IGA Signed at JMC in London November 26<sup>th</sup>, 2013. Domesticated February 7<sup>th</sup> 2014*
- Tax Information (Exchange and Mutual Administrative Assistance) (Turks and Caicos Islands and United States of America Agreement to Improve International Tax Compliance) Order 2015. *USA/TCI Signed at JMC in London December 1, 2014. Domesticated June 30<sup>th</sup> 2014*
- Retention Tax Ordinance 2009, Amended 2014 – Penalty for Non- compliance, EUSD
- The Multilateral Convention on Mutual Administrative Assistance in Tax Matters. *Signed the MAC in Berlin October 29, 2014*
- **TAX INFORMATION (MULTILATERAL COMPETENT AUTHORITY AGREEMENT ON AUTOMATIC EXCHANGE OF FINANCIAL ACCOUNT INFORMATION AND THE COMMON REPORTING STANDARD) ORDER 2016**
- **INTERNATIONAL TAX COMPLIANCE REGULATIONS 2016**
- Company Ordinance
- Proceeds of Crime Ordinance – POCO
- MLAT



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### Key USA FATCA Reporting Issues

- Model 1B IGA Non-Reciprocal
- TCI FATCA Guidance Notes (Published & Available on EOI Unit Webpage, TCIG Website)
- The Information Technology Reporting Tool (TCIG AEOI Portal, FATCA XML Schema, version 2.0)
- International Data Exchange Services – IDES (Third Party Service Provider)
- IDES User Guide (Shared with Key Industry Reps in Financial Services Sector)
- Data Protection and Security Safeguards (Onsite Visit by US Treasury Officials)



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### UK CDOT & CRS Reporting Issues

#### **UK CDOT**

- *Reporting under the CDOT IGAs begins in 2016. The report made in 2016 will be in respect of both of the years 2014 and 2015, with different due diligence for pre-existing accounts (and hence different accounts and details from accounts) applying to each year. Reporting in 2017 for the 2016 calendar year will then add the final details.*
- *The first report in 2016 under the CDOT IGAs will include:*
- *All new accounts opened after 1 July 2014; and*
- *Pre-existing high value individuals' accounts as the due diligence for such accounts must have been completed by 30 June 2015 (as set out in Article 3 and Annex 1 to the IGA).*
- *Those pre-existing lower value individual accounts and pre-existing entity accounts that have been identified as reportable in 2014 or 2015.*
- *Once identified as reportable accounts, these accounts continue to be reported annually thereafter, subject to account closure or a change of circumstance making them non-reportable.*
- *For the remaining pre-existing accounts the due diligence procedures must be completed by 30 June 2016 in preparation for first reporting in 2017.*

#### **CRS**

- *Reporting under the CRS begins in 2017. Reports made under the CRS in 2017 will include:*
- *All new accounts opened on or after 1 January 2016;*
- *Pre-existing high value individuals' accounts in existence at 31 December 2015 that have not been previously identified as reportable accounts under the CDOT IGAs; and*
- *Any other reportable accounts that are identified as reportable in 2016, including closed accounts which were open at the end of 2015.*



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### Reportable Accounts and Due Diligence Procedures;

- Preexisting Individual Accounts with a balance at 30<sup>th</sup> June 2014 that does not exceed \$50,000.00 – No Reporting.
- Preexisting Individual Accounts with a Cash Value / Annuity Insurance Contract with a balance of \$250,000.00 or less as of June 30<sup>th</sup>, 2014.
- Depository Accounts with a balance of \$50,000.00 or less
- Preexisting Individual Accounts that are Lower Value Accounts for U.S. Indicia must be completed DD by June 30<sup>th</sup>, 2016
- Preexisting Individual Accounts that are High Value Accounts for U.S Indicia with a balance at June 30<sup>th</sup>, 2014 must complete DD by June 30, 2015.



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### Reportable Accounts and Due Diligence Procedures; (cont'd)

- New Individual Accounts, must obtain self certification along with any AML/KYC procedures.
- Preexisting Entity Accounts with a balance or value that does not exceed \$250,000.00 as at June 30th, 2014, is not required to be reviewed, identified or reported until the account balance or value exceeds \$1,000,000.00
- New Entity Accounts, must determine if the Account Holder is a Specified U.S Person, Beneficial Ownership Information as defined as an Active NFFE or Passive NFFE.



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OECD – Common Reporting Standard, CRS.

### Implementation Timeline

CRS Legislation to enacted by December 2015

For structured product vehicles based in Early Adopter jurisdictions, the following dates will apply:

- **1 January 2016** – implement due diligence procedures to determine the tax residency of all account holders. Pre-existing accounts will be those maintained on 31 December 2015 and new accounts would be those opened from 1 January 2016.
- **31 December 2016** – due diligence for identifying High Value preexisting individual accounts to be completed.
- **March 2017** – initial reporting to local Competent Authority expected to begin.
- **30 September 2017** – initial exchange of information between Competent Authorities.
- **31 December 2017** – due diligence for identifying Low Value preexisting individual accounts and entity accounts to be completed.

CTS – Common Transmission System to be release within a few months.

Possible IDES version

CRS vs. FATCA and the noticeable differences.



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## Beneficial Ownership & Central Registry

### 1. UK & Crown Dependencies / Overseas Territories.

TCIG signed Exchange of Notes & Technical Protocols documents – April 2016

Registry or Equivalent Electronic database in place – June 2017

Reciprocal arrangement to share information with Law Enforcement Agencies.

Corporate and Legal Entities Incorporated in the TCI / UK, i.e. Natural Person

Legal Persons and Legal arrangements.

Provide mutual legal assistance or any other legal mechanism necessary for exchange of BO information.

Criminal Finance Bill

Domestic legislation

### 2. Global Forum & FATF International Standard

Recommendation 24 & 25 of FATF – To be agreed in future.

BO to be include in the new standard; Available, Accessible & Exchangeable

Sharing BO information with Law Enforcement & Tax Administrations (EU Directive)



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### EU Non – Corporative List & Screening Criteria

#### 1. Tax Transparency Criteria

Must be committed to CRS.

Must signed the MCAA – Multilateral Competent Authority Agreement

Must signed the MAAC – Multilateral Convention on Mutual Administrative Assistance in Tax Matters

Must have at least a Largely Compliant rating – OECD/Global Forum

Must have a network of exchanges covering both EOIR and AEOI

Must in future incorporate beneficial ownership information exchange

#### 2. Fair Taxation

Must have no preferential tax measures that could be regarded as harmful – zero or low rate taxation

Must not facilitate offshore structures or arrangements aimed at attracting profits which do not reflect real economic activity in the jurisdiction

#### 2. Implementation of anti-BEPS measures

Must commit to OECD anti BEPS measures by the end of 2017 and meet the minimum standards. At least 4 of the 15 Action points items or implement Country by country reporting of Multinational



# Thank You!

