



TCI Compliance Association  
Compliance in Practice

EXCHANGE OF INFORMATION UNIT



## **TAX INFORMATION EXCHANGE AND FATCA**

*PRESENTER:*

**HENRY SAUNDERS**

*DIRECTOR*

*EXCHANGE OF INFORMATION UNIT*



# TCI Compliance Association

## Compliance 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.



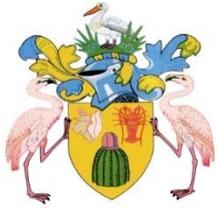
# TCI Compliance Association

## Compliance in Practice



### 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*
- Company Ordinance
- Proceeds of Crime Ordinance – POCO
- MLAT



# TCI Compliance Association

## Compliance in Practice



### Key USA FATCA Reporting Issues

- Model IB IGA Non-Reciprocal
- TCI FATCA Guidance Notes (Requires Cabinet Approval)
  - *Shared CD's, BVI, Cayman, UK & Ireland in September 2014*
  - *Shared with the Int'l Marketing and Promotion Working Group January 2015, no response*
  - *Shared with the AG's Chambers & FSC, limited response*
- The Information Technology Reporting Tool (Shelf or Customization, FATCA XML Schema)
- 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)



# TCI Compliance Association Compliance in Practice

## Key USA FATCA Reporting Issues

- Reporting Foreign Financial Institutions – RFFI's
  - Custodial Institutions
  - Depository Institutions
  - Investment Entity
  - Specified Insurance Company

*Reporting on U.S Reportable Accounts held by U.S. Persons (Citizen, Resident, U.S Corporation, entity; where the controlling interest is held by a U.S Person).*

- Registration with the IRS FATCA Home Page ( GIIN)
- Enrolled with IDES to start FATCA Reporting – September 30<sup>th</sup>, 2015

# TCI Compliance Association

## Compliance in Practice



### 17.5. Timetable for reporting

#### US Agreement

Reporting Year	In respect of	Information to be reported	Reporting date to International Tax Authority
2014	<p>Each Specified US Person either holding a Reportable Account</p> <p><b>Or</b></p> <p>as a Controlling Person of an Entity Account</p>	<p>(i) Name</p> <p>(ii) Address</p> <p>(iii) US TIN (where applicable or DoB for Pre-existing Accounts)</p> <p>(iv) Account number or functional equivalent</p> <p>(v) Name and identifying number of Reporting Financial Institution</p> <p>(vi) Account balance or value</p>	30 June 2015

# TCI Compliance Association Compliance in Practice



## UK Agreement – Full reporting

Reporting Year	In respect of	Information to be reported	Reporting date to International Tax Authority
2014	<p>Each Specified UK Person either holding a Reportable Account</p> <p><b>Or</b></p> <p>as a Controlling Person of an Entity Account</p>	<ul style="list-style-type: none"> <li>(i) Name</li> <li>(ii) Address</li> <li>(iii) Date of birth and National Insurance number (where applicable for Pre-existing Accounts)</li> <li>(iv) Account number or functional equivalent</li> <li>(v) Name and identifying number (GIIN or local tax identification number) of Reporting Financial Institution</li> <li>(vi) Account balance or value</li> </ul>	31 May 2016



## TCI Compliance Association Compliance in Practice



### 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.



# TCI Compliance Association Compliance in Practice



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

- New Individual Accounts, must obtained 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 review, identified or reported until the account balance or value exceeds \$1,000,000.00
- New Entity Accounts, must determined if the Account Holder is a Specified U.S Person, Beneficial Ownership Information as defined as an Active NFFE or Passive NFFE.



# TCI Compliance Association

## Compliance in Practice

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 still under development.

Possible IDES version

CRS vs. FATCA and the noticeable differences.



# Thank You!

