STATES OF GUERNSEY INCOME TAX
TREASURY AND RESOURCES DEPARTMENT

MEDIA RELEASE – 12 June 2014

FOR IMMEDIATE RELEASE

Notification of effective dates for the Intergovernmental Agreements with the UK and US relating to FATCA

The Director of Income Tax has today provided clarity regarding certain effective dates in Guernsey's Intergovernmental Agreements (IGAs) with the United Kingdom (UK) and the United States of America (US) relating to FATCA. Details of changes made to Annexes II and III of the UK Agreement will be published in the very near future.

In May 2014, the US announced a six month delay to the new entity account on-boarding rules, from 1 July 2014 to 1 January 2015, for the operation of the US FATCA regulations, which can be extended to the US IGA.

HMRC has recently announced that the UK will not adopt a similar delay.

The Director has confirmed that for the purposes of the UK Agreement, Guernsey Financial Institutions will be required to have both new entity and individual account on-boarding procedures in place by 1 July 2014, in line with the requirements of the UK IGA.

The Director has confirmed his agreement to the six month US deferral. As a consequence, for the purposes of that IGA, Guernsey Financial Institutions will be required to have new individual account on-boarding procedures in place by 1 July 2014 and new entity account on-boarding procedures in place by 1 January 2015.

Annexes II and III of the UK IGA have been amended to incorporate changes to the wording on Partner Jurisdiction Accounts and an addition to the Exempt Beneficial Owners category to include a section on Limited Capacity Exempt Beneficial Owners, which covers charities.

The revised annexes will be published in the very near future.

ENDS

NOTES TO EDITORS:

An Inter-Governmental Agreement ("IGA") with the US Treasury was signed on 13 December 2013, the purpose of which is to bring into effect the provisions of the Foreign Account Tax Compliance Act ("FATCA"). FATCA is a piece of US legislation aimed at reducing tax evasion by their citizens. It requires financial institutions outside the US to pass information about their US customers to the Internal Revenue Service. A 30% withholding tax will be imposed on the US source income of any financial institution (“FI”) that fails to comply.

The provisions of FATCA reach far wider than the previous bilateral agreements for exchange of information with EU Member States, equivalent to the European Union Savings Directive (“EUSD”). Under the IGA’s, a "financial institution" can include banks, brokers, fiduciaries, fund managers and insurance companies, and the reportable details are not restricted to solely "interest" or "sale proceeds” (as they are with EUSD), instead financial institutions will be required to provide details of account balances; income which has arisen in the account, which encapsulates interest, dividends or anything else of an income nature, and the gross sale proceeds of property which has been paid or credited to the account.

A similar FATCA-type IGA was also signed with the UK on 22 October 2013.

Issued by:
Rob Gray, Director of Income Tax

12 June 2014

Contact for media enquiries:
Nigel Garland, Deputy Director (Compliance & International),
Income Tax Office (Telephone 710495)

Or

Lee Harris, Compliance & International Manager
Income Tax Office (Telephone 710495)