

# Businesses urged to seek expert advice to comply with implications of FATCA

**Implementation of the US and UK Foreign Account Tax Compliance Act (FATCA) means that businesses will have to make significant changes to their systems and practices with the automatic exchange of information becoming the norm.**

This was the essence of the message delivered to more than 180 people at a seminar in Douglas on "FATCA – a practical approach" which was chaired by Peter Clucas, a director of Cains Advocates Ltd and which included a presentation by Wendy Martin, EY's executive tax director.

Regulations came into force on the Isle of Man on June 30 this year meaning that compliance with certain provisions of it took effect from July 1.

FATCA is aimed at financial institutions and other intermediaries to prevent tax evasion by US and UK taxpayers through the use of offshore accounts. It requires financial institutions to use enhanced due diligence procedures to identify US or UK persons who have invested in either non-US or non-UK financial accounts.

Ms Martin was previously director of tax policy at the States of Jersey which involved negotiating the Inter-Governmental Agreements (IGAs) and drafting the guidance notes. She gave the seminar an update on the latest FATCA guidance notes for the Crown Dependencies, which include clarifications on the treatment of nominee companies and the extent to which providing directors constitutes being 'managed by'.

She emphasised that while FATCA is creating a substantial burden on businesses due to the complexity and procedures that have to be carried out, businesses on the island are required to comply.

"Few businesses will have the in-house capability to deal with all aspects of FATCA and should seriously consider obtaining expert assistance to ensure that they do comply as the penalties that could apply may be greater than the investment needed," she declared.

The seminar prompted a lively question and answer session with questions answered by both Ms Martin and Claire Mulhern, international co-operation officer for the Isle of Man Government.



**Peter Clucas, a director with Cains Advocates Ltd and Wendy Martin, executive tax director, EY.**

‘Few businesses will have the in-house capability to deal with all aspects of FATCA and should seriously consider obtaining expert assistance’ Wendy Martin, Executive Tax Director, EY