



## MINISTRY OF FINANCE, TRADE & INVESTMENT

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As we approach the deadline for filing information on Reportable Accounts held by Financial Institutions (FI's) in the Islands, the Exchange of Information Unit would like to remind FI's of their obligations, the deadlines and the penalties for failure to file reports on reportable accounts through the TCIG- AEOI and IDES portals.

### **FATCA**

Under FATCA, financial institutions outside the US are required to report information on financial accounts held by their US customers to the Internal Revenue Service (**IRS**). As such, in 2015, Financial Institutions based in the Turks & Caicos Islands were required to provide the requisite information to the TCI Exchange of Information Unit (**the Unit**) via the TCIG- IDES or AEOI portal. Once that information is provided the Unit then forwards that information onto the Competent Authority in the US.

### ***Non- Compliance***

If financial institutions do not comply with the US Regulations in regards to the reporting and filing of returns, a 30% withholding tax is imposed. The withholding tax is imposed on the US source income of that financial institution, and is done on both its own US investments and those held on behalf of its customers. Financial institutions are also required to close accounts where their US customers do not provide the requisite information to be collected by the financial institution. Note that where there are no accounts to report, Financial Institutions are required to file a NIL return.

**It should be noted that the Turks & Caicos Islands Government and the IRS have reached an agreement in regards to mutual assistance in joint audits.**

### **Common Reporting Standard (CRS)**

As the Turks & Caicos Islands currently does not have an income tax regime, the Government signed a non-reciprocal BCAA with Treaty partners and as such is required to provide the relevant information as required by CRS.

Financial Institutions will be required to notify and report information under CRS to the ITA via Exchange of Information Unit (EOIU). The ITA will then exchange this information with the relevant partners that have satisfied the confidentiality and data safeguards standard, and have the appropriate legal instruments and legislative frameworks in place.



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### *Filings*

A jurisdiction may require the filing of a nil return by a Reporting Financial Institution to indicate that it did not maintain any Reportable Accounts during the calendar year or other reporting period. The initial report for 2016 CRS data was due on **31<sup>st</sup> May, 2017**. For those Reporting FI's that did not file 2016 CRS data, that information can still be submitted by **31<sup>st</sup> May, 2018**. Future reports must be submitted on or before 31<sup>st</sup> March in the year of filing. Note that Under regulation 10 of the International Tax Compliance Regulations 2016, a Reporting Financial Institution must report **ANNUALLY** to the EOI Unit by making a return.

**NOTE:** Under regulation 4 the filing of nil returns is not mandatory. However, the Financial Institutions with no reportable accounts will still need to complete the notification requirement via the Portal for CRS.

### *Inspection*

The **International Tax Compliance Regulations 2016** which came into force on 1 April 2016, gives the Competent Authority the power to require a Reporting Financial Institution—

- (a) to provide to the Competent Authority, within a time specified by the Competent Authority, the information, including copies of any relevant books, documents or other records, or any electronically stored information, that the Competent Authority may reasonably require; or
- (b) to make available to the Competent Authority for inspection, at the time specified by the Competent Authority, all copies of books, documents or other records, or any electronically stored information, in the Reporting Financial Institution's possession or under its control.

Note that Financial Institutions are required under regulation 16 to retain for a period of five years all books, documents and other records, including those stored by electronic means, which relate to the information required to be reported to the Competent Authority.

### *Offences*

It should also be noted that where Financial Institution fails to make a report under or to implement arrangements or procedures in order to comply with FATCA or CRS, that they will have committed an offence under regulation 17 of the Regulations and will be liable on summary conviction to a fine of \$10,000, or to imprisonment for a term of two years, or both.



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### *Timeline*

For avoidance of doubt the timeline for reporting is detailed below:

### **US Agreement**

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



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<b>2015</b>	as 2014 plus payments to NPFIs (see 17.6)	<p>As 2014 plus:</p> <p><b>Custodial Accounts</b> Total gross amounts of interest, dividends and other income paid or credited to the account</p> <p><b>Depository Accounts</b> Total amount of gross interest paid or credited to the account in the calendar year or other reporting period</p> <p><b>Cash Value Insurance contracts</b></p> <p>i) Surrender value; or  ii) Amount calculated by the Specified Insurance Company; and  iii) Any part surrenders.</p> <p><b>All other accounts</b></p> <p>The total gross amount paid or credited to the account including the aggregate amount of any redemption payments.</p>	30 June 2016
<b>2016</b>	As 2015	<p>as 2015 plus:</p> <p><b>Custodial Accounts</b></p> <p>Total gross proceeds from the sale or redemption of property paid or credited to the account</p>	30 June 2017
<b>2017 onwards</b>	As 2014	All of the above	30 June following the end of the reporting year



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Note that due to the passage of Hurricanes Irma and Maria, the date for reporting of information for 2016 data has been extended by the IRS until September, 2018. Reporting for information for the period 2018 will remain as scheduled for 30<sup>th</sup> June, 2019.

Should you have any queries, kindly contact the Exchange of Information Unit at the following:

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