



News Release

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Treasury Minister Gives FATCA Update

On 7 December last year, Chief Minister Allan Bell MHK announced that the Isle of Man would be moving to a closer form of tax cooperation with the United Kingdom, based on the same principles as the FATCA agreement which the Isle of Man was negotiating with the USA. One of the key aims of FATCA is to improve international tax compliance through the automatic sharing of information between partner countries.

Chief Minister Bell said at the time: 'This decision is a well-considered next step in the Island's long-established policy of commitment to being at the forefront of tax transparency and international cooperation.'

In his budget speech today (19 February 2013), Treasury Minister Eddie Teare MHK gave an update on FATCA progress.

Negotiations with the USA are progressing well, and a FATCA agreement is expected to be signed in the near future.

The new arrangements with the UK will also be put in place shortly. Minister Teare said that after three months of intensive negotiation he anticipated a package of measures with the UK that would include:

- A memorandum of understanding between the Isle of Man Government and HM Revenue & Customs signed today will introduce in April of this year a bespoke Isle of Man disclosure facility for UK taxpayers wishing to regularise their tax affairs: this will give those taxpayers a number of important assurances about what to expect after they first contact HMRC. The Isle of Man Government will assist the UK authorities in ensuring that the facility is a success;
- The extension of the double taxation agreement between the Isle of Man and the UK to include the automatic exchange of tax information between the two countries;

- A new agreement between the Isle of Man and the UK, closely modelled on a US FATCA agreement that will result in Manx financial institutions providing a broad range of information on the investments of UK resident taxpayers, which will then be shared automatically with the UK by the Isle of Man tax authorities. The main body of the agreement has been agreed at officer level. Both Governments will work together to minimise the burden on those businesses affected by the new system, and to ensure that detailed guidance is published as soon as possible. In addition, in recognition of their different status under UK tax law, people who are resident but non-domiciled in the UK will be subject to an alternative reporting regime under this agreement.

Minister Teare said: 'The Isle of Man is a highly regarded banking, insurance and wealth management centre. In a world where international taxation issues are being discussed constantly, I want investors to use the Island's business centre because it is highly competitive and because of its excellent service providers. Those investors have nothing to fear from using a centre known for top-class regulation, transparency and international cooperation: rather they have a lot to gain by investing in the Isle of Man.'

He went on to say: 'I will make a further announcement in the near future about when the agreements with the USA and UK will be signed. I remain committed to keeping our private sector fully informed about developments, and I must compliment and thank those business leaders who have worked so closely with Government on FATCA over the past year.'

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Note for editors: FATCA refers to the Foreign Account Tax Compliance Act, a 2010 act of the US Congress