



INTRODUCTION

On 16th December 2013, the United States and Malta announced that they have signed an Intergovernmental Agreement (IGA) to improve international tax compliance and to implement the US Foreign Account Tax Compliance Act (FATCA). The basic purpose of FATCA is to ensure that US source income of any financial institution is reported to the US Government in order for the latter to determine the ownership of US assets in foreign accounts.

Under the agreement, financial institutions that are resident or operating in Malta are obliged to report the information required under FATCA to the Maltese Commissioner of Inland Revenue (CIR), who in turn will report the information to the Internal Revenue Service (IRS), on financial accounts held by identified US persons. A 30% withholding tax will be imposed on the US source income of any financial institution that fails to comply with FATCA.

FATCA - SCOPE AND OBLIGATIONS

Under Maltese law, FATCA requires Malta financial institutions to:

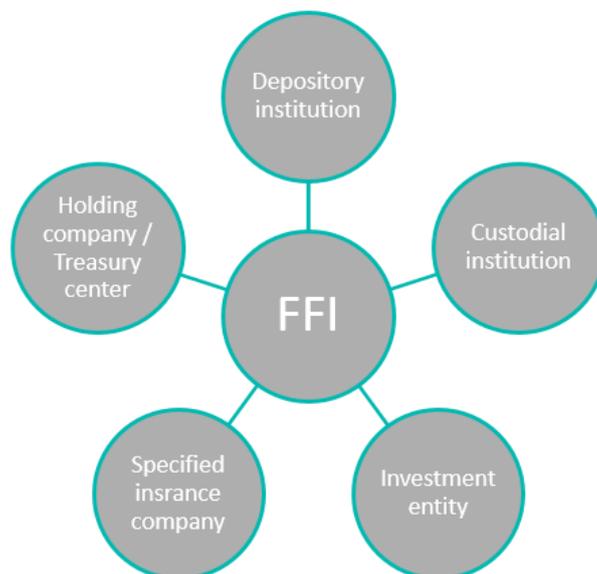
1. register with the US Internal Revenue Services;
2. register with the CIR;
3. implement a FATCA compliance programme
4. identify all new and pre-existing accounts; and
5. report on Specified US Persons to the Malta CIR



WHO IS AFFECTED?

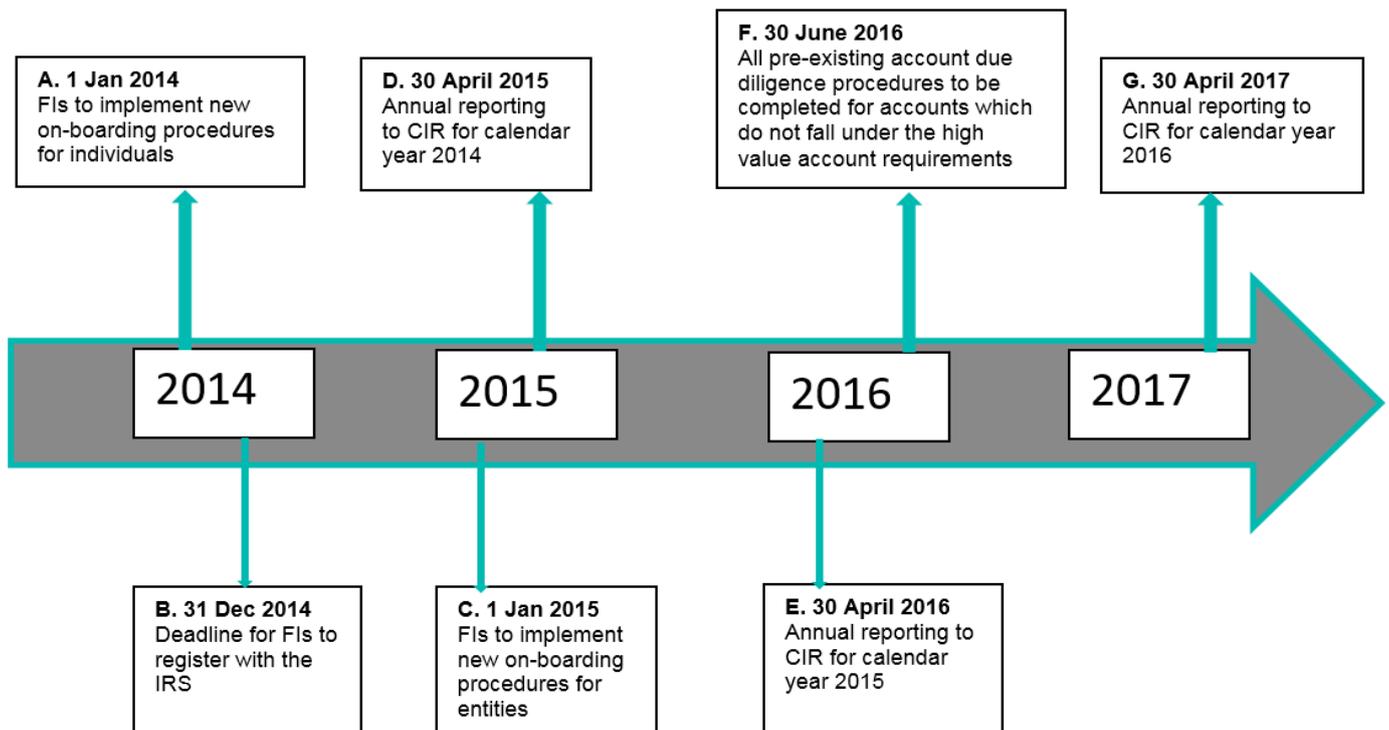
FATCA is wide-reaching and has an impact on both financial and non-financial entities. FFIs act as intermediaries for foreign investments of US taxpayers. FFIs are therefore considered to be in the best position to identify and report on their US customers. The classification as FFI or NFFE is important since an FFI (unless exempt or deemed compliant) has, in general, more reporting and documentation requirements compared to a NFFE.

The definition of FFI in the FATCA regulations includes the following 5 categories:





TIMELINE FOR COMPLIANCE



WHY NEXIA BT?

Established by Brian Tonna, managing partner, Nexia BT is a corporate and private client advisory, audit, accounting and tax firm. Our clients are local and international blue chip companies, financial and other institutions, SMEs, high-net-worth-individuals, the public sector and high-end organisations.

As a reputable organisation of over 20 years standing, and forming part of a worldwide network of independent business advisors, consultants, auditors and accounting firms present in over 120 countries, we are optimally positioned to offer global expertise. Along these years, we have built client loyalty around a credible reputation for delivering results whilst working to the highest professional standards.

Nexia BT's strength lies in the technically competent staff with experience across a varied range of industry sectors. We deliver solutions to our clients through a high calibre customised service reflected in the professional work approach and ethics of our staff and driven by our ethos 'Closer to you'. With the backing of this business approach, we confidently present you Nexia BT as your trustworthy, dependable and reliable partner in Malta.

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