

The British Virgin Islands releases updated FATCA Guidance Notes

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Global Financial Services Industry



BVI Updates FATCA Reporting Guidance

On 24 March 2015, the International Tax Authority (“ITA”) of the British Virgin Islands (“BVI”) published its highly anticipated updated FATCA Guidance Notes.

The BVI Guidance Notes, issued to provide practical assistance in relation to the U.S. and UK Agreements, reflected a certain number of changes from the draft version issued in 2014. Included in these changes are the deadline for submission, detail on the enrolment and filing of the reportable information to the ITA. While the guidance notes are not part of the BVI Regulations and do not have force of law, they constitute important practical references for successful implementation of information exchanges.

Under the updated Guidance Notes, the deadline for submissions by Reporting British Virgin Islands Financial Institutions of the required information on reportable accounts for 2014 has been extended to 30 June 2015. Reporting for subsequent years will be required by May 31st of each year. Submission to the BVI ITA will be done through a web-based application, the BVI Financial Account Reporting System (BVIFARS), exclusively.

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Access to the BVIFARS portal is expected to be available to the public from 15 April 2015. Reporting British Virgin Islands Financial Institutions that have registered with the IRS and obtained a Global Intermediary Identification Number (GIIN), including sponsoring entities, will be required to enroll first with BVIFARS before accessing the submission system. The International Tax Authority will not verify the information submitted by financial institutions, but will monitor compliance with the local legal requirements and will enforce the BVI Regulations in case of non-compliance. A penalty may be imposed for non-compliance with the BVI Regulations.

Looking further down the road to a world in which tax information would be more freely exchanged between governments, the OECD Common Reporting Standard (“CRS”) was developed on the same principles of transparency and global exchange of information as FATCA. The BVI has already committed to the implementation of CRS as an early adopter, responding to a timetable for exchanging information starting in 2017. These newly released BVI Guidance Notes, the BVI Regulations, and BVIFARS were all developed with these new world international standards in mind.

Useful links

Updated BVI FATCA Guidance Notes

http://www.bvi.gov.vg/sites/default/files/guidance_notes_20-3-15_-_final_2.pdf

BVIFARS (Access to the BVIFARS portal is expected to be available to the public from 15 April 2015)

<http://www.bvi.gov.vg/fars>

For more information please contact:

Tax & Legal	Financial Advisory	Consulting, Strategy & Operations
Grigory Pavlotsky Partner +7 (495) 787 06 00 ext. 2102 gpavlotsky@deloitte.ru	Alexander Sokolov Partner +7 (495) 787 06 00 ext. 3095 alsokolov@deloitte.ru	Maxim Lubomudrov Partner +7 (495) 787 06 00 ext. 3093 mlubomudrov@deloitte.ru
Gennady Kamyshnikov Partner +7 (495) 787 06 00 ext. 2092 gkamyshnikov@deloitte.ru	Rustam Mukhametshin Senior Manager +7 (495) 787 06 00 ext. 5056 rmukhametshin@deloitte.ru	
Alexander Sinitsyn Director +7 (495) 787 06 00 ext. 2099 asinitsyn@deloitte.ru		

International contacts

Denise Hintzke Director, Global FATCA Tax Leader Deloitte Tax LLP +1 212 436 4792	Anne Mericle Senior Manager, Global FATCA PMO Deloitte Tax LLP +1 212 436 3908
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