



Are You Ready for the New Automatic Exchange of Information

by Bradley Warden, Partner, Blevins Franks

January 2016 sees the start of a global automatic exchange of information regime that affects everyone with offshore financial assets. Financial privacy is dead and buried, to the point where your local tax authority will passively receive information about your investment assets without having to ask for it.

Everyone should be aware of what information will be shared about your assets, and consider what tax and estate planning arrangements are best suited for you and your family.

The Current Situation

The EU Savings Tax Directive imposes automatic exchange of information but only applies to interest income. Other bi-lateral information exchange agreements are of limited benefit to tax authorities as information is only provided on request.

The Situation from January

The new Automatic Exchange of Financial Information in Tax Matters, including the Common Reporting Standard (CRS), goes live in January 2016. It involves the systematic and periodic transmission of taxpayer information by the source country to the residence country and goes much further than interest income.

The French tax authorities will automatically receive information on taxpayers' overseas financial assets – without having to ask for it - including accounts they were not previously aware of. They will compare data received against tax returns.

Information to be Reported

This includes name, address and tax identification number of asset owner; the balance/value, interest and dividend payments and gross proceeds from the sale of financial assets.

The reporting institutions include banks, custodians, investment entities such as investment funds, certain insurance companies and trusts.

Implementation

Almost 100 jurisdictions have signed up so far. The 'early adopters' (including the EU and UK offshore centres) start collecting data from January 2016, to make the first information exchange by September 2017. Other countries start a year later.



In Europe, the CRS will be implemented through the Administrative Cooperation Directive. It provides for automatic information sharing on interest, dividends, other investment income, balances, sales proceeds from financial assets, employment income, directors' fees, life insurance, pensions and property.

What Does this Mean for You?

If you have different offshore bank accounts, investments, trusts etc, each one will share information with your local tax authority.

Cross border tax planning is complex. You need to be clear on what you should be declaring and where. If you live here and earn income in the UK, do you pay tax in UK or France?

This is a good time to review your tax planning arrangements. Are they compliant in France? Are you paying more tax than necessary?

We are entering a completely new era. Are you ready?

“What’s different about the new automatic exchange of information? Should I be concerned?”

Talk to the people who know.

The new exchange of information regime starts from January 2016, on a global scale and going much further than before. Personal details, income and balances of financial assets will be automatically handed to the French tax authorities. It is important to understand now how this affects you.

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