

## At a Glance

The UK Government has entered into agreements with the governments of Jersey, Guernsey and the Isle of Man (the "Crown Dependencies") and Anguilla, Bermuda, the British Virgin Islands, the Cayman Islands, Gibraltar, Montserrat and the Turks and Caicos Islands (the "Overseas Territories") which require financial institutions in those jurisdictions to automatically provide information relating to the accounts of UK tax resident clients from 1st July 2014 onwards.

The agreements with the Crown Dependencies and Gibraltar are reciprocal which means that UK Financial institutions will need to provide data on financial accounts held by residents of those territories.

These agreements are based on the United States FATCA regime and are referred to in this communication as UK CDOT (or the UK "Crown Dependencies and Overseas Territories" Agreements).

Citi Private Bank as a global financial institution has implemented similar cross-border arrangements in order to meet its obligations. We are experienced in complying with all statutory reporting obligations and are committed to becoming globally compliant with all required information reporting regimes.

### The purpose of UK CDOT

UK CDOT has been introduced by the UK Government to assist Her Majesty's Revenue and Customs gather information on offshore accounts held by UK residents as part of its commitment to combat offshore tax evasion.

It includes a number of agreed measures including:

- (i) an agreement providing automatic information exchange regarding UK residents with accounts in the Crown Dependencies and Overseas Territories, and residents of the Crown Dependencies and Gibraltar with accounts in the UK;
- (ii) an alternative reporting regime for UK resident non-UK domiciled individuals; and ;
- (iii) tax disclosure facilities for UK residents with accounts in Jersey, Guernsey & the Isle of Man.

### Does UK CDOT apply to all financial institutions?

All Financial Institutions in the UK and in the Crown Dependencies and Overseas Territories (Including Citibank NA London and Jersey, and Citibank International Ltd) are subject to the provisions of UK CDOT. This means they will be

required to conduct the necessary due diligence to identify any "reportable accounts". Reportable accounts are accounts which are substantially owned (either directly, or indirectly through an entity, which may be the direct account holder) by a "Specified Person"<sup>1</sup> (essentially an individual or entity which is resident for tax purposes in either the UK, Jersey, Guernsey, Isle of Man or Gibraltar, depending on the relevant agreement).

### Will this increase the amount of tax I have to pay?

It is only designed to report income earned and assets held within affected accounts. Account holders who have met all their tax and financial reporting obligations should not owe any additional taxes as a result of UK CDOT.

### Who is affected under UK CDOT?

UK CDOT requires the identification of account holders who are tax resident in the UK, Jersey, Guernsey, the Isle of Man or Gibraltar. An account holder's nationality or place of birth does not determine whether an account is reportable or not.

### How will I be affected?

In order to meet our regulatory obligations, we will need to ask you for additional information at the time of account opening and account reviews, or if you advise us of certain changes in your circumstances such as a change of an address. You are required to keep your information up to date and advise us of any changes in your circumstances as they occur.

### What needs to be reported and when?

The first reporting for UK CDOT will be carried out in 2016 relating to the years 2014 and 2015.

UK Financial institutions will need to provide the following information in respect of the account holder of a reportable account:

- Name, address, date of birth and national Insurance number or social security number (where applicable for Pre-existing Accounts)
- Account number or functional equivalent
- Account balance or value
- From 2015, in addition to the above, gross dividends, interest and other income paid or credited to the account
- From 2016, in addition to the above, total gross proceeds from sale or redemption of property paid or credited to the account

<sup>1</sup> The term "Specified Person" is defined in the UK-Jersey Agreement to Improve International Tax Compliance, UK-Guernsey Agreement to Improve International Tax Compliance, UK-Isle of Man Agreement to Improve International Tax Compliance and UK-Gibraltar Agreement to Improve International Tax Compliance, which can be found at <http://www.hmrc.gov.uk/fatca/>

## **How will Citi ensure that data privacy regulations will not be compromised? Will the UK government be receiving any additional information that will breach local laws?**

Citi Private Bank values your privacy and will comply with privacy regulations as mandated by law.

## **When will UK CDOT become effective?**

The UK CDOT agreements come into effect from 1st July 2014.

## **What is the Alternative Reporting Regime?**

The UK CDOT agreement provides for an alternative reporting regime that is available on election to individuals who are resident but not domiciled in the UK and who are taxed on the remittance rather than the arising basis.

Citi Private Bank is monitoring developments and the impact of other incoming regulation such as the Common Reporting Standards that is under discussion within the OECD. We will communicate further on this in due course.

## **Is there someone I can call if I have questions?**

Please contact your Private Banker with any questions you may have. Alternatively you can contact Nigel Eastwood on [nigel.andrew.eastwood@citi.com](mailto:nigel.andrew.eastwood@citi.com) or +44 (0) 207 500 4933

*This is not an exhaustive analysis of the UK CDOT agreements but a simple extract to inform our clients of salient facts. You can find further information on the agreements at <http://www.hmrc.gov.uk/fatca/>*

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