

Guernsey Association of Trustees

GUERNSEY'S MEMORANDUM OF UNDERSTANDING WITH HM REVENUE & CUSTOMS ("HMRC") AND THE NEW GUERNSEY DISCLOSURE FACILITY

The UK Government has a stated aim of moving towards greater transparency with regard to tax matters and together with the G8 and G20 economies are encouraging greater jurisdictional co-operation in this area through the automatic exchange of information.

As a leading International Financial Centre Guernsey acknowledges its responsibility and is committed to the further development of appropriate tax transparency. This is seen as a natural extension of the European Savings Tax directive which has been in place since 2005. The United States of America is implementing its own international tax reporting system through the Foreign Account Tax Compliance Act (FATCA) which has heralded a new chapter in tax information gathering. Guernsey is looking to adopt FATCA and enter into an intergovernmental agreement (IGA) which will regulate the conduct and terms of tax information sharing with the Internal Revenue Service. All financial institutions, worldwide, with US connections, will be affected by these new provisions.

The UK has used the US FATCA initiative to extend its own programme and is looking at mirroring these provisions by seeking co-operation with its Crown Dependencies (Guernsey, Jersey and Isle of Man) and its Overseas Territories (such as Cayman, Bermuda and British Virgin Islands) with the introduction of its own version. The UK has also announced it is working with the G5 countries (France, Germany, Italy and Spain) to introduce a multilateral cross-border approach.

Guernsey has agreed to enter into its own bilateral version of FATCA with the UK. The terms of the IGA will take some time to conclude and it is not anticipated the obligation to report data will come into effect until at least 2016, at the earliest. As part of these arrangements HMRC has asked Guernsey to participate in a disclosure facility (GDF) which will help UK tax payers, who have financial dealings in the Island, to regularise their tax affairs, if that is needed.

Guernsey financial institutions and intermediaries are obliged to inform all of their customers and clients, between now and 31 December 2013, of the GDF, which came into operation on 6 April 2013, and will remain open until 30 September 2016. Such Guernsey institutions will also be obliged to send out another circular six months before the closing date as a final reminder to all its customers and clients.

Those who need to be informed are those "relevant persons" (individual or corporate) with a beneficial interest in relevant property held in Guernsey who are obliged to account to HMRC for any tax payable in respect of such interest. There is no suggestion that any customer needs to avail themselves of the GDF but simply make them aware of its existence and its terms. The full details of the GDF including its terms and definitions can be found at:

<http://www.gov.gg/article/106881/Guernsey-disclosure-facility-gdf> or
<http://www.hmrc.gov.uk/offshoredisclosure/>.

Attached is a letter from the Income Tax office addressed to the Guernsey Association of Trustees which itself encloses a precedent letter being sent to all Guernsey regulated licence holders. Should you wish to consider the terms of the GDF further then please either take this up with your Guernsey financial institution or intermediary or your own professional adviser.

For and on behalf of Guernsey Association of Trustees
Michael Betley
Chairman



STATES OF GUERNSEY INCOME TAX

TREASURY AND RESOURCES DEPARTMENT

Mr M Betley
Chairman
Guernsey Association of Trustees
PO Box 665
Roseneath
The Grange
St Peter Port
GUERNSEY
GY1 3SJ

Income Tax

PO Box 37, 2 Cornet Street
St Peter Port, Guernsey
GY1 3AZ
Tel +44 (0) 1481 724711
Fax +44 (0) 1481 713911
Email enquiries@tax.gov.gg
www.gov.gg

Our Ref:

S&C.87/MC.102/NG

Your Ref:

13 May 2013

Dear Sir

Guernsey Disclosure Facility (GDF)

Please find enclosed a copy of the notifications recently issued to all licensed financial institutions whose contact details were available to the Director.

The notifications were issued as an e-mail, where an e-mail address was available to the Director, and a letter was issued through the post in all other cases.

I should be obliged if you would circulate this to your members in order to ensure its widest publication.

Finally, I would also add that further information regarding the GDF, including the Memorandum of Understanding between the States of Guernsey and Her Majesty's Revenue and Customs, under which this disclosure facility has been made available, may be found on our website: <http://www.gov.gg/article/106881/Guernsey-Disclosure-Facility-GDF>.

Yours faithfully

N GARLAND
Deputy Director (Compliance & International)

Encs

LETTER TO FINANCIAL INTERMEDIARIES

S&C.87

3 May 2013

Dear Sir/Madam

The Guernsey Disclosure Facility (GDF)

I have contacted you as I understand that you are a licensed financial intermediary, however, if this is not the case please ignore this letter, although it would be helpful if you could still reply (see the final paragraph below), acknowledging receipt of the letter, so that I can update my records.

As you will, undoubtedly, be aware the Chief Minister has recently announced Guernsey's commitment to enter into an Inter-Governmental Agreement with the UK which will bring into effect a reporting regime similar to that of the US Foreign Account Tax Compliance Act (FATCA).

A Memorandum of Understanding (MOU) has also been signed with HM Revenue and Customs (HMRC) under which Guernsey agrees to support a disclosure facility (GDF) made available by HMRC from 6 April 2013 until 30 September 2016.

The facility has been introduced by HMRC to help UK taxpayers with investments in Guernsey, and who may have irregularities in respect of their UK tax affairs, to approach HMRC and put their past and future tax affairs on the right footing.

For further information concerning the GDF, including a copy of the MOU, please visit the following website: <http://www.gov.gg/article/106881/Guernsey-Disclosure-Facility-GDF>.

In accordance with the terms of paragraph 3(a) of the MOU, in your capacity as a licensed financial intermediary^[1], **between now and 31 December 2013** you should contact all of your current clients who may be able to take advantage of the terms of the GDF in order to make them aware of the GDF. For details of who may be able to take advantage of the GDF please refer to paragraph 2 of Schedule 2 of the MOU, in conjunction with the definition of "relevant person" contained in paragraph 1 of Schedule 1 of the MOU.

I should be obliged if you would acknowledge receipt of this letter by responding in writing, preferably by e-mail to: eoitax@gov.gg . If you are unable to respond by e-mail, please send a written response addressed as follows:

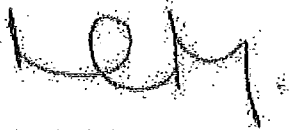
Continued.../...

The Director
Income Tax Office
P O Box 37
2, Cornet Street
St Peter Port
Guernsey
GY1 3AZ (and head the letter "GDF letter FAO CIU")

When providing your response I should also be obliged if you would also provide:

- A) Confirmation that this letter has been issued to you correctly, on the basis that you are a licensed financial intermediary.
- B) Confirmation as to whether you wish to receive any further e-mails or letters concerning;
- FATCA/Intergovernmental Agreements;
 - Other FATCA-type Agreements; and
 - The GDF.
- C) If you respond positively to B) above, please provide a valid e-mail address or postal address (if different to the postal address to which this letter has been sent) which should be used for all future communication concerning FATCA/Intergovernmental Agreements, etc.

Yours faithfully



R GRAY
Director of Income Tax

^[1] For the purposes of the GDF a "financial intermediary" refers to any person holding a licence under the following Regulatory laws:

- (a) the Protection of Investors (Bailiwick of Guernsey) Law, 1987;
- (b) the Banking Supervision (Bailiwick of Guernsey) Law, 1994;
- (c) the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000;
- (d) the Insurance Business (Bailiwick of Guernsey) Law, 2002; and
- (e) the Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law, 2002;