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This Month's Newsletter outlines the progress to date that the Federation of St. Kitts-Nevis has made towards the implementation of the Common Reporting Standard (CRS).

Establishment of the National CRS Implementation Steering Committee

The Federation of St. Kitts and Nevis has agreed to implement the Standard for Automatic Exchange of Financial Account Information in Tax Matters (Common Reporting Standard) by September 2018 and has put in place a number of measures to ensure that this timeline is complied with.



In May 2016, a National CRS Implementation Steering Committee was established by the Ministry of Finance to co-ordinate the implementation of CRS in the Federation of St. Kitts and Nevis. Mrs. Sylvia Gumbs and Ms. Heidi-Lynn Sutton were appointed the Chairman and Deputy Chairman, respectively.

Main Responsibilities of the Committee

The main responsibilities of the Committee are to:

- Assess all available options under the CRS and ascertain which operations would be the most appropriate for the Federation to facilitate its effective implementation. This would include options

available for reporting requirements, due diligence procedures and definitions;

- Prepare a report that provides the context, recommendations and basis of the recommendations for the adoption of the selected options;
- Provide input on the legislative and regulatory framework that would be necessary to ensure compliance with the CRS;
- Liaise with local institutions that will be affected by the CRS to ensure that they understand Government's role and actions that will be undertaken to facilitate compliance with the CRS.

The Committee includes representatives from both the public and private sectors, namely: STEP Nevis Chapter, Chamber of Industry and Commerce, Banker's and Financial Services Association, both branches of the Inland Revenue Department, FSRC, Ministries of Finance, AG's Chambers, FIU and the ECCB. The Committee met on several occasions and agreed on the most appropriate available options under the CRS for the Federation. Those options were included in the primary and subsidiary legislation implementing the CRS.

Confidentiality and Data Safeguards Assessment

The Federation of St. Kitts and Nevis was successful in defending its Confidentiality and Data Safeguards Assessment at the Automatic Exchange of Information (AEOI) Meeting that was held in Mauritius on 5th – 6th July, 2016. The St. Kitts and Nevis Delegation comprised of Mrs. Hilary Hazel (Head of Delegation), Mrs. Sylvia Gumbs, Ms. Heidi-Lynn Sutton and Mr. Watkins Chiverton.



This assessment was a prerequisite to signing the Multilateral Convention on Mutual Administrative Assistance in Tax Matters (MAC), which is the international convention permitting the automatic exchange of information. Consequently, the Co-ordinating Body of the MAC formally invited St. Kitts and Nevis to join the MAC on the 9th day of August, 2016.

Signing of the Multilateral Convention on Mutual Administrative Assistance in Tax Matters (MAC)

On August 25th, 2016, the Federation of St. Kitts and Nevis signed the MAC at a signing ceremony at the OECD HQ in Paris, France. The Prime Minister Dr. the Honourable Timothy Harris and Mrs. Sylvia Gumbs attended the event. This signified the jurisdiction's commitment to implement the international standard on transparency and exchange of information for tax purposes.



It also cemented the Federation's reputation for being a co-operative jurisdiction with respect to tax transparency in that we met all three of the OECD's criteria that assess a jurisdiction's level of cooperativeness, namely:

- (i) it being in receipt of a 'Largely Compliant' rating with respect to the Exchange of Information on Request Standard;
- (ii) its commitment to automatically exchange CRS information by 2018 at the latest; and
- (iii) its participation in the Convention.

9th Meeting of the Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum)

The 9th meeting of the Global Forum was held on 2-4 November, 2016 in Tbilisi, Georgia. The Federation of St. Kitts and Nevis was represented by The Prime Minister Dr. the Honourable Timothy Harris (Head of Delegation), Mrs. Sylvia Gumbs and Ms. Heidi-Lynn Sutton. Given the recent developments in the international tax and regulatory landscape, various significant issues affecting international financial centres were debated.

There were several panel discussions convened to address "Lists, Leaks and Linkages" which drew much interest from Global Forum members and more specifically in relation to the G20's European Commission's EU listing process of non-cooperative jurisdictions.

A Progress Report by the Chair of the Automatic Exchange of Information Working Group was also presented outlining the status of members' implementation initiatives. The Global Forum Secretariat reported that the first round of peer reviews of the Exchange of Information on Request (EOIR) Standard and the

assignment of compliance ratings were completed in November 2016. To date, 253 peer review reports have been published.

The Global Forum further pledged to take forward further work on beneficial ownership. This element will be brought to focus in the second round of EOIR reviews and in the development of the review process for automatic exchange of information. We also will see greater coordination and cooperation between the Global Forum and the Financial Action Task Force (FATF) with the FATF being invited to be an observer to the Global Forum.

As published in earlier Newsletters, the Federation of St. Kitts and Nevis received a largely compliant rating for the first round of EOIR reviews and will undergo its second round of review during the third quarter of 2017.

Legislative Measures to Implement the Common Reporting Standard

The Common Reporting Standard (Automatic Exchange of Financial Account Information) Act, No. 13 of 2016 was passed in the National Assembly in St. Kitts and Nevis on the 21st day of December, 2016 and was gazetted the same day.



The subsidiary legislation, the Common Reporting Standard Regulations, SRO No. 32 of 2016 was promulgated and gazetted on the 29th day of December, 2016.

All reporting financial institutions are therefore required, in respect of the calendar year 2017 and every following calendar year, to file with the Comptroller of Inland Revenue, prescribed information on reportable accounts.

The prescribed information is set out in the Common Reporting Standard. Regulated Entities can access the legislation by clicking the link: <http://www.nevisfsrc.com/regulatory-framework/international-cooperation>.

To be continued in next issue with the CFATF Update.

