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PRESS RELEASE

PwC SEMINAR PROVIDES INSIGHT INTO NEW COMMON REPORTING STANDARD



Left to right: Neil Higgins, PwC UK and Phil Morris, PwC Isle of Man.

A former HM Revenues and Customs Policy Advisor delivered an insightful and informative talk during a seminar held by PwC at the Manx Museum.

Phil Morris, Senior Manager at PwC Isle of Man, introduced guest speaker Neil Higgins, who delivered a timely presentation on the introduction of Common Reporting Standard (CRS) to the audience of more than 150 local business people. Just two weeks before the seminar, on 29 October, 51 jurisdictions – including the Isle of Man – signed an agreement in Berlin committing to adopt the new global standard for tax information exchange.

As well giving an overview of CRS, PwC UK Senior Manager Neil, who joined the firm after working as a policy advisor at HMRC, provided commentary on the results of a conference registration survey completed by businesses in November. The majority of respondents (34%) expected that compliance with the new CRS model would require around half of the effort currently required to comply with FATCA, while 47% felt that understanding and co-ordinating local law implications would be the biggest difficulty in implementing a response to CRS.



The introduction of CRS heralds a 'new era of transparency', said Neil, and the Isle of Man is among more than 50 jurisdictions that have committed to undertaking their first exchanges under CRS by 2017. Neil discussed differences between CRS and FATCA, and the potential impact of these changes. There will be no withholding under CRS, although it remains to be seen how this will be enforced globally and how participation will be encouraged. Furthermore, while the definition of a Financial Institution remains the same under CRS, the definition of a passive NFE changes to encompass all non-financial entities as opposed to non-financial foreign entities.

Perhaps one of the most major changes under CRS is that, where FATCA applied solely to US persons, CRS will eventually cover at least 93 jurisdictions. As Neil explained, businesses will need to 'determine the jurisdictions you operate in and the tax authorities you will need to approach'.

He added: 'The key here is simply to get your documentation and reporting right – you will likely be subject to audits, and this should minimise feedback from clients or tax administrations in relation to the information you have supplied.'

This change will also require companies to profile their customer base more thoroughly, and ensure that they are asking clients the right questions to determine the best self-certification to use. At this stage, client communication is vital, as organisations will need to decide how best to approach issues raised when a client is reported to a tax authority.

The seminar concluded with a fascinating Q&A session, with both Phil and Neil responding to queries from guests.

Commenting later, Phil said: 'We were very pleased to have such a brilliant turnout to this event, and that guests were eager to be involved in discussions following Neil's presentation. The seminar was a great success and allowed people to see just how seriously PwC takes what it sees as a responsibility to clients to provide insight and advice on current business issues.'

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Notes to editors:

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