



30th October 2013

The Malta Funds Industry Association and FinanceMalta hold an Educational Clinic on FATCA

The Malta Funds Industry Association (MFIA) in collaboration with FinanceMalta has recently held an educational clinic for its members and the financial services community on the Foreign Account Tax Compliance Act (FATCA) and its practical implications and impact on the various stakeholders operating within the local funds industry.

The clinic was led by FATCA specialists from PwC Malta and PwC Germany. The presentation discussed the entities that will be impacted by FATCA, the main requirements and deadlines as set out in the FATCA legislation, including those provided for in the Model Intergovernmental Agreement that Malta should shortly be signing with the United States. The session also analyzed certain specific tasks that asset management entities need to take action on in order to become FATCA compliant.

Dr Neville J Gatt, Tax Leader and Partner at PwC Malta commented that “ The U.S. FATCA is one of various initiatives around the world to combat tax evasion through new reporting obligations imposed on financial institutions worldwide. Failure to meet these new reporting obligations would result in a financial institution suffering a 30% withholding tax on certain US source income.

For asset managers, FATCA is not simply a compliance exercise, it is merely one out of various legislations that is reshaping the industry at its core. It is clearly important to plan the way ahead for such FATCA requirements so as to minimize the disruption to the business operations as the FATCA deadline approaches.”

Kenneth Farrugia, Chairman of the MFIA stated “FATCA which became part of U.S. legislation in 2010, is a new U.S. information reporting regime with its main aim being to identify U.S. persons that are either directly investing outside the U.S. or indirectly earning income inside or outside the U.S. through non-U.S. entities. This is one form of several initiatives to combat tax evasion and introduces substantial reporting requirements. FATCA will have a significant process and technological impact on the fund industry and the MFIA has over the past months been very active on this subject by issuing a technical brief holding this educational clinic in order to update and assist its members to gear up for this new requirement.

He continued, “the asset management industry is today operating in a markedly challenging environment driven by a regulatory environment that is impacting stakeholder relationships and business models. This is leading the industry into a transformational and restructuring process. The Association is also assessing the implications of UCITS V, UCITS VI and MiFID II which are among the regulations that

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will be introduced in the coming months and the Association will keep its members informed on these changes.”

Interested firms wishing to join the Association and benefit from the Association’s various initiatives are kindly requested to contact Anatoli Grech, the Executive Secretary of the Association on agrech.vfm@bov.com or 22755201.