

VIDEO

February 21, 2014

Focus on Funds: Plans for a New Global Tax Compliance System

Focus on Funds

Plans for a New Global Tax Compliance System

The February 21, 2014, issue of *Focus on Funds* explains the new framework from the Organisation for Economic Co-operation and Development (OECD) for automatic exchange of information (AEOI), and clarifies what it means for funds and their investors.

Transcript

Stephanie Ortbals-Tibbs, Director, ICI Media Relations: Welcome to *Focus on Funds*, the Investment Company Institute's weekly roundup of industry news, ICI activities, and research findings.

The framework for a new global tax compliance system is now on the table.

The Organisation for Economic Co-operation and Development (OECD) has announced a framework for collecting customer information from financial institutions, and exchanging that information between governments globally. It's called the automatic exchange of information, or AEOI. Here's what it means for funds and their investors.

Keith Lawson, ICI/ICI Global Senior Counsel, Tax Law: The OECD's announced standard for automatic exchange of information generally takes into account the many concerns of funds and their investors. Most importantly, compliance with the standard will be relatively straightforward because it aligns with the existing U.S. Foreign Account Tax Compliance Act, also known as FATCA.

The next step is to ensure implementation is sensible and cost-effective.

There are four keys to effective implementation of the automatic exchange of information.

The first is we need detailed guidance. The OECD right now, in conjunction with business, is working on guidance known as commentary. This commentary should be out hopefully by July.

Second, it's important that all of the countries adopt these reporting standards consistently. If there are inconsistencies in adoption, we lose many of the benefits of standardization.

Third, countries may well need to modify their domestic laws, particularly data privacy laws, to ensure funds can collect, retain, and report the information about their customers.

And finally, sufficient time will be needed so that the funds can be ready when they are required to provide this information to their governments, which will exchange it with other governments.

Unless these four steps are taken, funds and their investors will face unnecessarily high costs and reporting burdens.

Stephanie Ortvals-Tibbs: Lawson adds that ICI and ICI Global worked closely with the OECD on formation of the initial framework, and will remain very engaged in the implementation process, as a voice for funds and investors.

That's this week in funds. See you next week.

Additional Resources

- [Statement: ICI Global Welcomes Announcement of Proposed Global Tax Compliance Framework](#)
- [ICI Viewpoints: Creating a Globally Workable Compliance Framework for Financial Account Tax Information](#)
- [Foreign Account Tax Compliance Act \(FATCA\) Resource Center](#)

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.