

PRESS RELEASE

The Federation of Saint Kitts and Nevis and the United States of America Sign Agreement to Improve International Tax Compliance and to Implement FATCA

Saint Kitts and Nevis, BASSETERRE - The Governments of the Federation of Saint Kitts and Nevis and the United States of America (USA) on 31 August 2015, signed an Inter-Governmental Agreement (IGA) that will facilitate compliance by financial institutions in the Federation with the USA's Foreign Account Tax Compliance Act (FATCA).

FATCA is a part of the USA's Hiring Incentives to Restore Employment Act which was enacted on 18 March 2010. FATCA seeks to improve international tax compliance through the introduction of a reporting regime for foreign financial institutions (FFIs) to identify and report, to the US Internal Revenue Service (IRS), information on assets of US\$50,000.00 or more, held by US taxpayers, and for certain non-financial foreign entities (NFFEs) to identify US taxpayers who hold substantial ownership interest. Failure of a financial institution to comply will result in a 30% withholding tax on payments that originate in the USA that are due to that financial institution and potential loss of its correspondent banking relationships.

The IGA that was signed is based on the USA's Model 1B Agreement where financial institutions in the Federation will be required to report on US persons' income, from financial assets that are held outside of the USA, to the Government of Saint Kitts and Nevis' Competent Authority. The Saint Kitts and Nevis' Competent Authority will then submit the required information to the IRS. The first exchange of information should be made by 30 September 2015.

The IGA was signed by the Prime Minister of Saint Kitts and Nevis, Dr the Honourable Timothy Harris and the USA's Ambassador Extraordinary and Plenipotentiary, Dr Larry Leon Palmer. The ceremony took place in Barbados and was observed by Mrs Sylvia Gumbs of the Ministry of Finance, Saint Kitts and Nevis and Mses Laura Griesmer and Nicholle Manz-Baazaoui of the US Embassy to Barbados and the Eastern Caribbean.

Further information on FATCA and the IGA can be obtained from the following links:

www.mof.gov.kn

www.fsrc.kn

www.nevisfsrc.com



Prime Minister of St. Kitts and Nevis, Dr. Timothy Harris (left) and U.S. Ambassador to Barbados, the Eastern Caribbean and the OECS, Larry Palmer (right) sign the FATCA Inter-Governmental Agreement