



Why clients must comply

Presented by Marcus Leese
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Contents

- Introduction
- Why past behaviour is no longer acceptable
- The new compliance landscape
- The advantages to clients of complying
- The advantages to you of clients complying
- Actions
- Conclusions

Introduction

- The world is different now
- Presentation focuses on tax, but relevant to all legal compliance

Why past behaviour is no longer acceptable

- Global financial crisis marked important turning-point
- Developed economies with large deficits needing to increase tax revenues
- Public opinion critical of perceived “tax cheats”
- Tax planning/ tax mitigation/ tax avoidance/ tax evasion
 - » Now all viewed as the same
 - » Now all viewed as wrong
- Greater international co-operation
- Greater flow of information
 - » No secrecy, little confidentiality
 - » Technology
 - » Whistle blowers
 - » TIEAs, DTAs and other international agreements

The new compliance landscape

- Extraterritoriality
 - » FATCA
 - » US person
 - » UK real estate
 - » French trust regime
- Service provider liability
 - » AML
 - » Tax compliance – criminal and civil (UBS, Wegelin, etc)
- Carrot and stick
 - » Disclosure opportunities and amnesties
 - » Penalties
- Enhanced enforcement
- Enhanced international co-operation
 - » FATCA
 - » EU FTT

The advantages to clients of complying

- Certainty
- Avoidance/limitation of penalties
 - » Civil
 - » Criminal
- Ability to transact

The advantages to you of clients complying

- Ability to transact
- Avoidance of liability
 - » Civil
 - » Criminal
- Simplicity and certainty
 - » Quicker and easier client take-on
 - » Less on-going compliance and monitoring
- Lower cost

Actions

- Understand the relevant laws and how they affect you and your clients
- Educate your clients about the issues
- Understand what is and is not acceptable tax planning
- Understand and follow your organisation's internal compliance policies

Conclusions

- There is no alternative
- All these trends continuing and accelerating

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Thank you

Presented by Marcus Leese
marcus.leese@ogier.com

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