

White Paper
Civil Fraud Conference
29 November 2016

'How to catch Al Capone: using Tax nous in
fraud cases'

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Potential tax angle to many fraud cases

- Profits are potentially taxable
- No overarching rule of law that prevents income being taxable just because it is derived from a fraud
- No credit from the taxman for fraudsters paying tax

Privacy vs Tax transparency

- Register of People with Significant Control
- Direction of travel towards transparency of ownership but also tax matters
- Post credit crunch desire of Western economies to collect taxes

Where the US leads, others follow

- F.A.T.C.A.
- G.A.T.C.A.
- O.E.C.D's C.R.S.

Foreign Account Tax Compliant Act 2010

- US tax laws wide reaching for US citizens based abroad
 - Citizens, residents (green card holders) report and pay tax on worldwide income and assets even if they don't live in the US or have US assets
- UBS scandal of 2009, Americans with Swiss accounts
- Showdown between US and Swiss on banking secrecy

What does FATCA do?

- Imposes a parallel requirement on non-US financial institutions such as UK, Kuwaiti, Saudi banks to report information on US clients to the IRS
- 30% withholding tax on all US sourced payments
- Most countries quickly obeyed, passing local laws to compel their financial institutions to comply

What the FATCA has this to do with me?

- Kuwaiti and Saudi citizens with dual nationality
- 10,000-50,000+?
- Have they been complying with their US reporting and tax paying obligations?

Unstoppable drive to transparency

- G20 and GACTA
- OECD's CRS
 - Only Panama, Bahrain, Nauru and Vanuatu not signed up
 - Governments will gather and automatically exchange information on anyone with any sort of financial account in a foreign country
 - Borrows heavily from FATCA

Global to local

- Consider local examples for individuals involved in fraud claims
- e.g. South Africa
 - Foreign exchange control regulations
 - Limits on yearly investments offshore
 - Limits on travel allowances

Conclusions

- Directly relevant to profits of fraud
- Moves towards transparency, FATCA and CRS may cause concern for individuals directly or indirectly involved in fraud cases
- Local laws and customs may be relevant or provide a weak spot

- Remember Al Capone
- Fear the taxman
- Befriend a tax lawyer

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