

Financial Institutions Told To Be Aware Of New US Treasury & IRS FATCA Regulations
Bernama
February 10, 2012

KUALA LUMPUR, Feb 10 (Bernama) -- Financial institutions in Malaysia should make an impact assessment following the release of the proposed Foreign Account Tax Compliance Act (FATCA) regulations, say tax officials.

They said the US Treasury and Internal Revenue Service (IRS) had released the proposed (FATCA) regulations on Feb 8.

The new US law is aimed at foreign financial institutions and other financial intermediaries to prevent tax evasion by US persons through the use of offshore accounts.

As a result, US-based, as well as foreign companies with US assets or clients will be impacted. Local financial companies should update their FATCA implementation plans in the light of these proposed regulations, according to Ernst & Young Tax Consultants Sdn Bhd, Tax Partner, Lee Choong San.

In a statement, he said adequate upfront planning was important to shrink the FATCA implementation task, save valuable IT resources and money as well as minimise disruption to business.

"As it takes time to update IT systems to capture information required for FATCA reporting, it is advisable to start early and devote adequate resources to the FATCA project team," he said.

Meanwhile, the global experience of FATCA has demonstrated that significant time and resources would be required to become FATCA compliant and should not be underestimated, Ernst & Young Advisory Services, Managing Partner - Advisory Services, Chow Sang Hoe said.

He said it had the potential to affect the entire value chain of the financial services industry and may require a realignment of existing information and reporting systems. -- BERNAMA

---BERNAMA

Copyright © 2012 BERNAMA

Source:<http://www.bernama.com/bernama/v6/newsindex.php?id=644887>