

# BELIZE BANKERS ASSOCIATION

## Bankers Association Press Release

In light of recent articles appearing in both the domestic and international press in relation to US banks *de-risking* and to the United States Internal Revenue Service (IRS) petition for permission to seek records of certain U.S Banks in relation to US residents who may have had bank accounts in Belize and did not fully comply with the U.S tax law the Bankers Association of Belize would like to make the following statements.

The Internal Revenue Service is not suggesting that the Belize Banks, referenced in the articles, have done anything improper. They are trying to find out if any U.S. person (whose identity they don't have) has violated the U.S. Internal Revenue Laws by having monies kept outside the U.S. to avoid reporting income.

In addition to the forgoing it is also important for the public to note the following key points:

1. There is no law in Belize which prohibits U.S citizens (or citizens from any country for that matter) from establishing banking accounts at international banks duly registered and operating in Belize.
2. There is furthermore no law in Belize which prohibits U.S citizens (or citizens from any other country for that matter) from establishing International Business Companies (IBC's) in Belize.
3. In respect to clients who maintain accounts in Belizean banks (whether in the domestic sector or the international sector) the responsibility for ensuring that their respective tax filings are in order and in compliance with the relevant tax authorities in their respective jurisdictions is that of the client.

Perhaps most importantly, if the IRS is desirous of ascertaining whether or not U.S citizens have bank accounts with any bank including Belizean banks there are currently legal mechanisms available to the IRS to access this information from banks in any jurisdiction.

The Bankers Association also believes that it is important to highlight Belize's compliance with AML/CFT international standards. In this regard, the Caribbean Financial Action Task Force (CFATF) 8<sup>th</sup> Follow- Up Report issued on Belize dated May 28<sup>th</sup> 2015 confirms that Belize has addressed all the deficiencies noted in the core and key recommendations. On the basis of the 8<sup>th</sup> Follow- Up Report submitted to Plenary in May 2015, the CFATF Plenary then determined that Belize successfully qualified to exit both the CFATF Follow- Up Process and the International Co-operation Review Group (ICRG).

Belize as a jurisdiction is also fully compliant with The Foreign Account Tax Compliance Act (FATCA). FATCA is a United States legislation applying to all banks outside of the United States which creates a new information reporting and withholding regime for payments made to certain foreign financial institutions (FFI's) and other foreign entities. The primary objective of this legislation is to obtain information on U.S taxpayers that utilize offshore accounts and investments. Under the provision of FATCA, Belizean banks and financial entities are required to collect and report information to the IRS on their customers who are U.S taxpayers and their respective accounts.

All Belizean Banks and financial entities are fully compliant with their obligations under the FATCA Agreement having registered with the IRS since as early as April 2014 and issued with their personal identification number called a Global Intermediary Identification Number (GIIN).

All Belizean Banks have been reporting to the IRS since July 2015 and there has been no indication from the IRS that Belize as a jurisdiction has been in any way deficient or delinquent in their reporting standards.

Over the past two weeks, in collaboration with the Central Bank of Belize and the Financial Intelligence Unit (FIU), The Belize Bankers Association participated in a “Road Show” in South Florida where we met with several banks and brokerage companies who are all interested in doing business in Belize including the provision of correspondent banking services.

More recently, the Governor of the Central Bank - Mr. Glenford Ysaguirre - participated in a high level IMF-World Bank Forum in St. Kitts where a special session was held to explore several modalities in addressing the correspondent banking impasse affecting CARICOM member countries. The Central Bank has kept the Bankers Association fully apprised of these developments through discussions and via this medium the Bankers Association was able to share feedback on what role it can play in resolving the issue in an expeditious manner.

In closing the Bankers Association reiterates what should be already patently obvious to most Belizeans: The Banking sector in Belize is extremely strong, properly regulated and compliant with international AML/CFT standards (FATF and FATCA) and will continue to fulfill its mandatory reporting requirements. Against this background the Association is extremely disappointed and concerned by the timing of these actions at a time when the jurisdiction and banking industry have made significant progress in complying with the international AML/CFT standards and the establishment of new correspondent banking relationships.

For further information on any issue pertaining to the above statement please feel free to contact any member of the Belize Bankers Association.

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