

# The Age of Transparency: The Big Picture

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# Being Transparent = Being Invisible



# Being Transparent

**NOTHING  
TO HIDE**

# Being Transparent = To Self Certify

Past

Present

Future



**Being Transparent = To Self Certify = Trust**



**TRUST**

# Trust but Verify



Trust but

# Verify



# Being Transparent is being Compliant





# Being Transparent is being Compliant

**Excuse me : Compliance = Documentation**



# ~~Transparent = Invisible~~ ~~Transparent =~~ Compliant

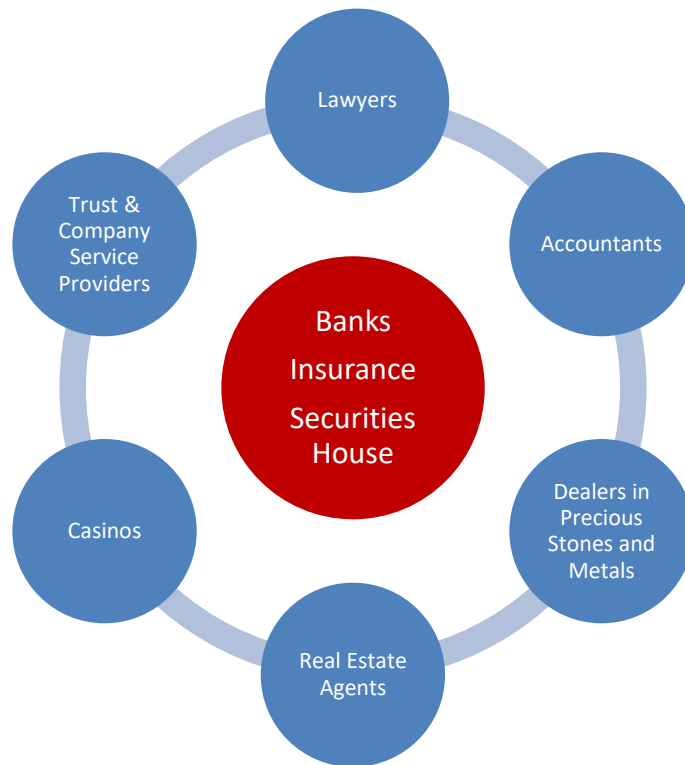


# Adapt to the Era of Compliance



# Adapt to the Era of Compliance: DNFBP

**YOU** play an important Role:



Designated Non-Financial Businesses and Professions(DNFBP)

# DNFBP IN LEBANON

According to Law # 44 dated 24 November 2016,  
DNFBP are:

- Insurance Companies;
- Casinos;
- Real Estate Agents;
- Precious commodities traders (precious stones, gold...).

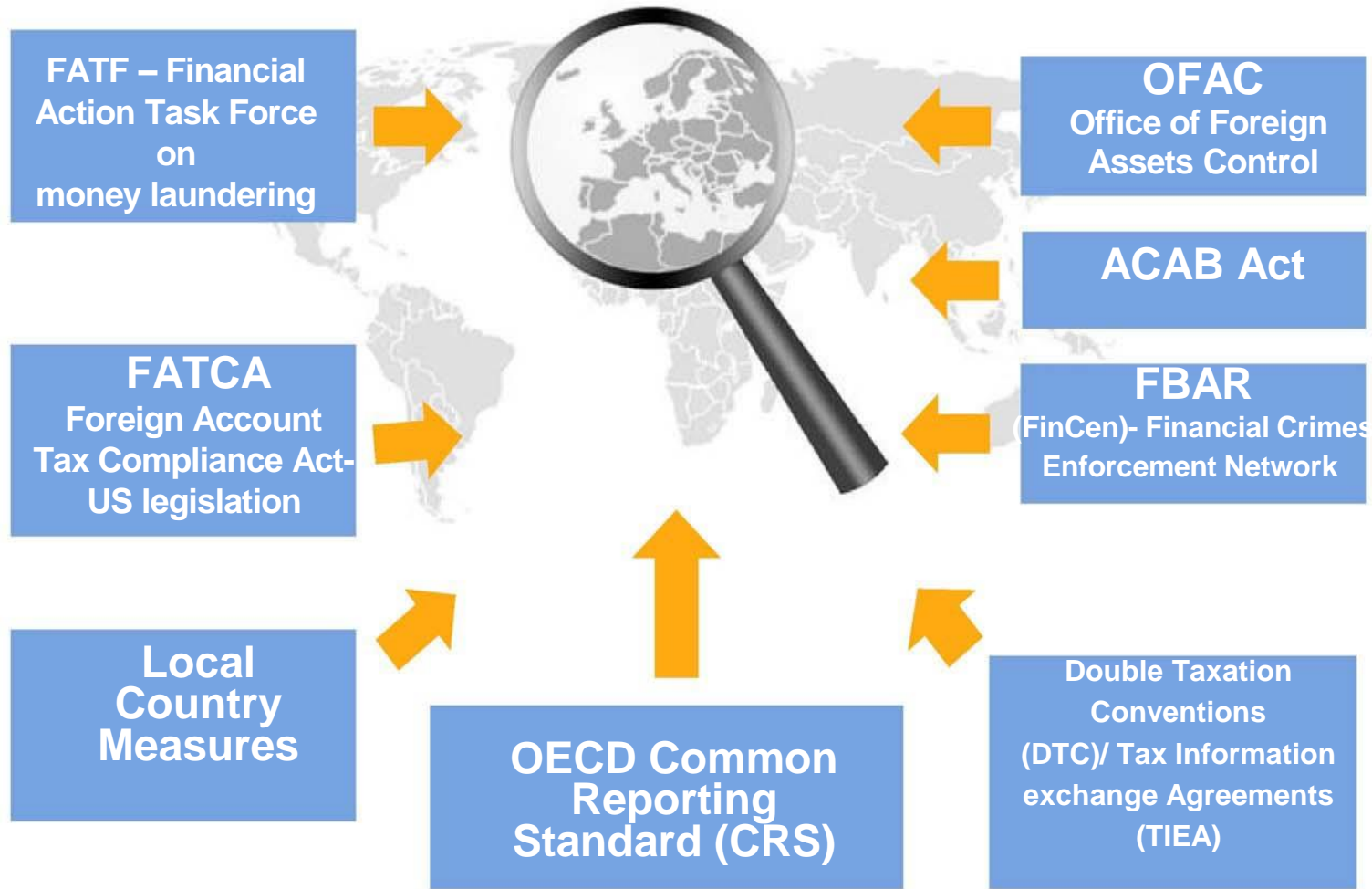
- Accountants
- Public Notaries
- Lawyers (mechanism to be set by the Bar Associations)

WHEN UNDERTAKING THE FOLLOWING OPERATIONS:

- Real Estate Transactions;
- Management of Wealth;
- Bank Account Management;
- Ownership structuring;
- Management of legal entities...

**DUTIES:**  
- KEEP RECORDS ON TRANSACTIONS OF CERTAIN AMOUNTS  
- KYC/DD

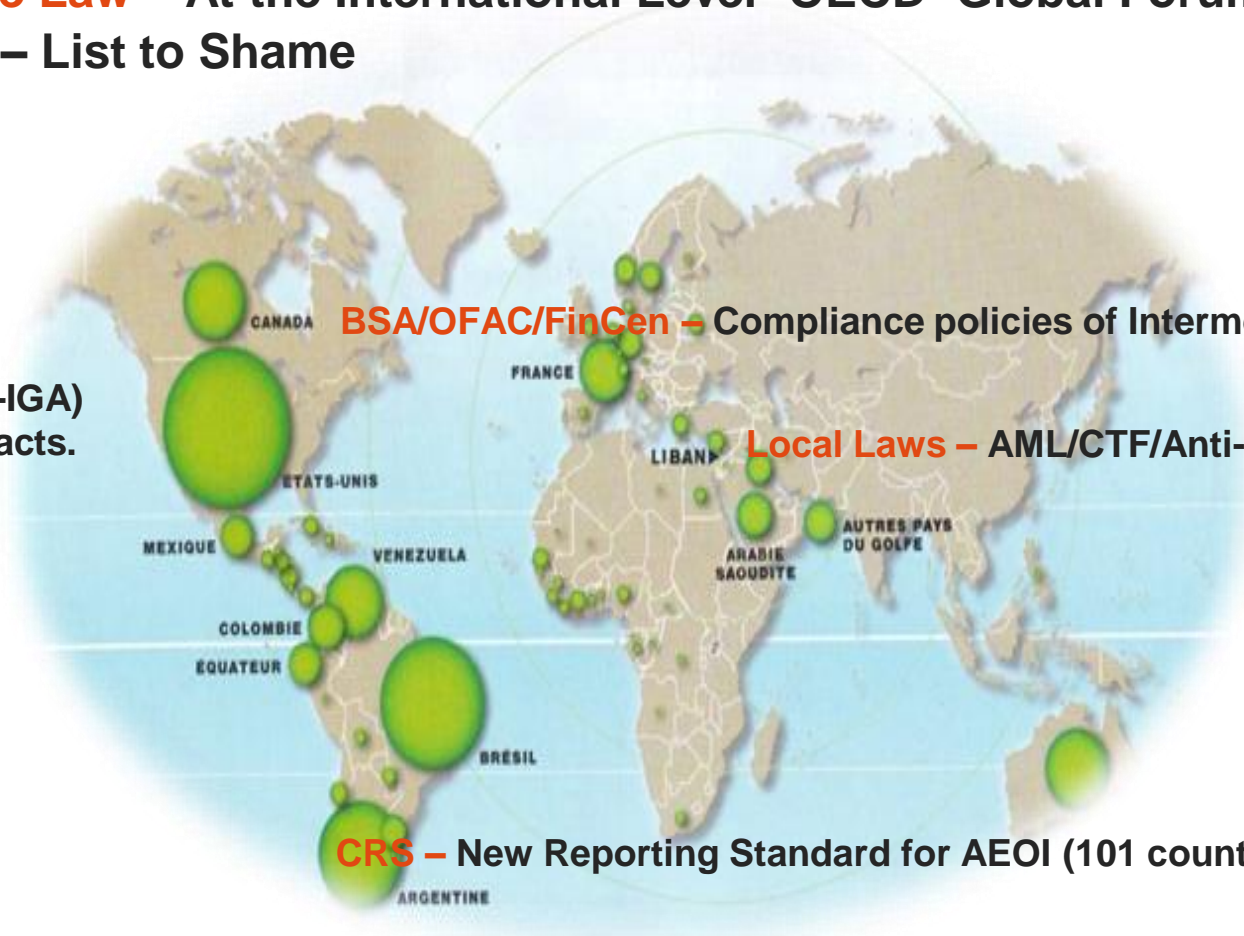
# To comply with what?



# Lebanon to comply with what?

**Global State Law – At the International Level- OECD- Global Forum – FATF Sanctions – List to Shame**

**FATCA-US**  
legislation (no-IGA)  
applies by contracts.



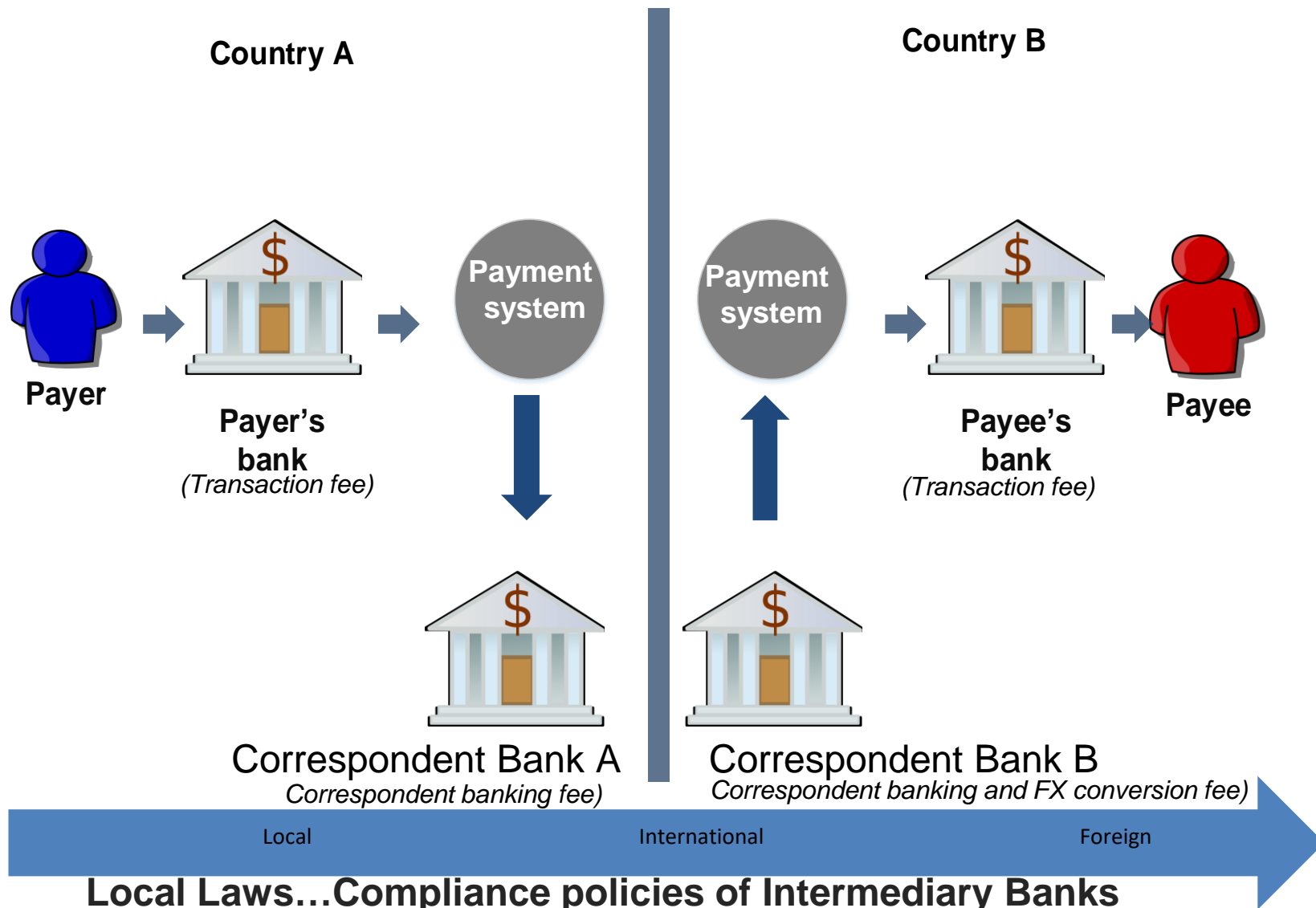
**BSA/OFAC/FinCen – Compliance policies of Intermediary Banks**

**Local Laws – AML/CTF/Anti-Corruption**

**CRS – New Reporting Standard for AEOI (101 countries by 2018)**

**Objective: track the money flows of organized crime, bribe-takers and the like.**

# Compliance: Cross border payments

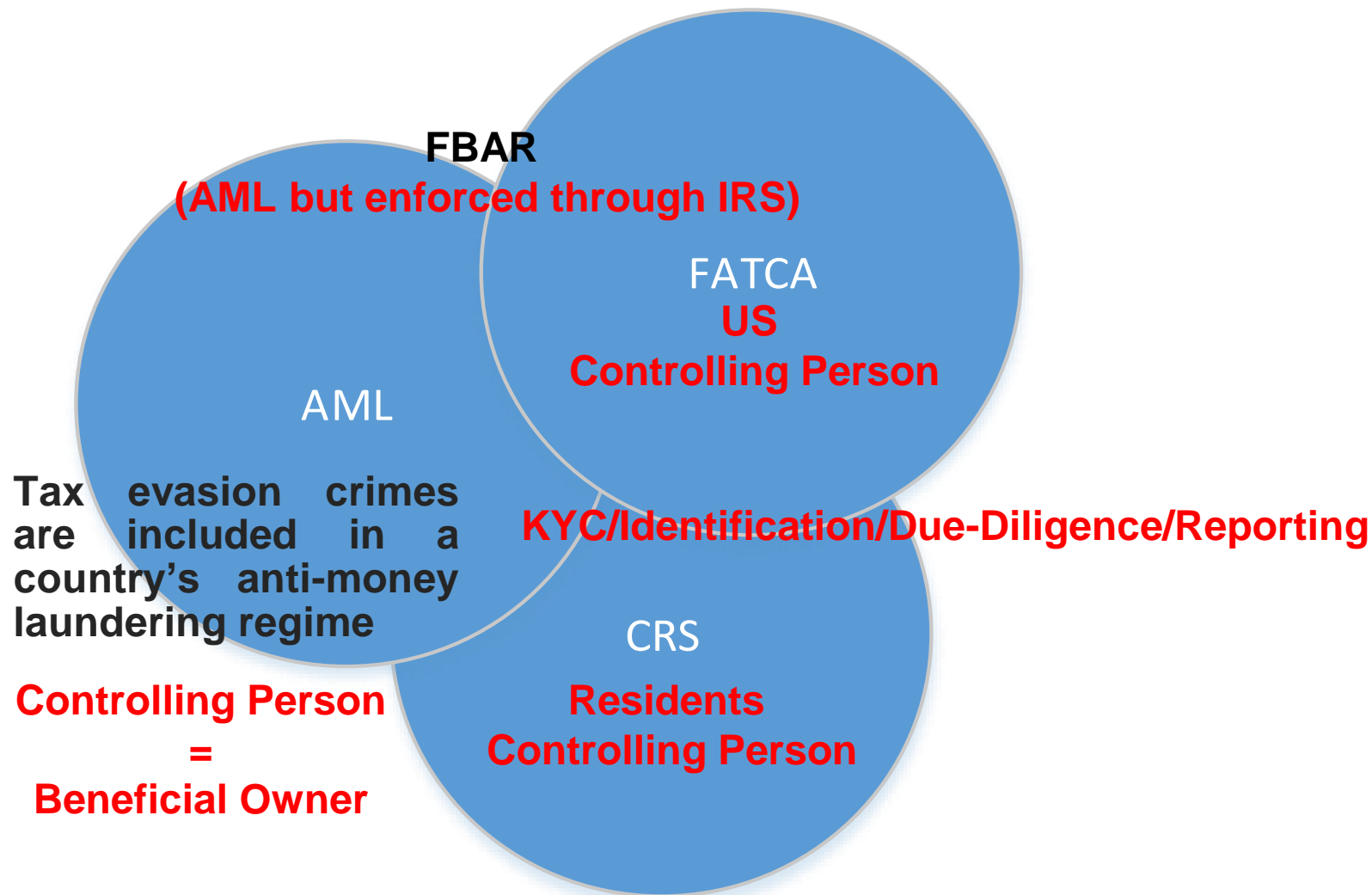




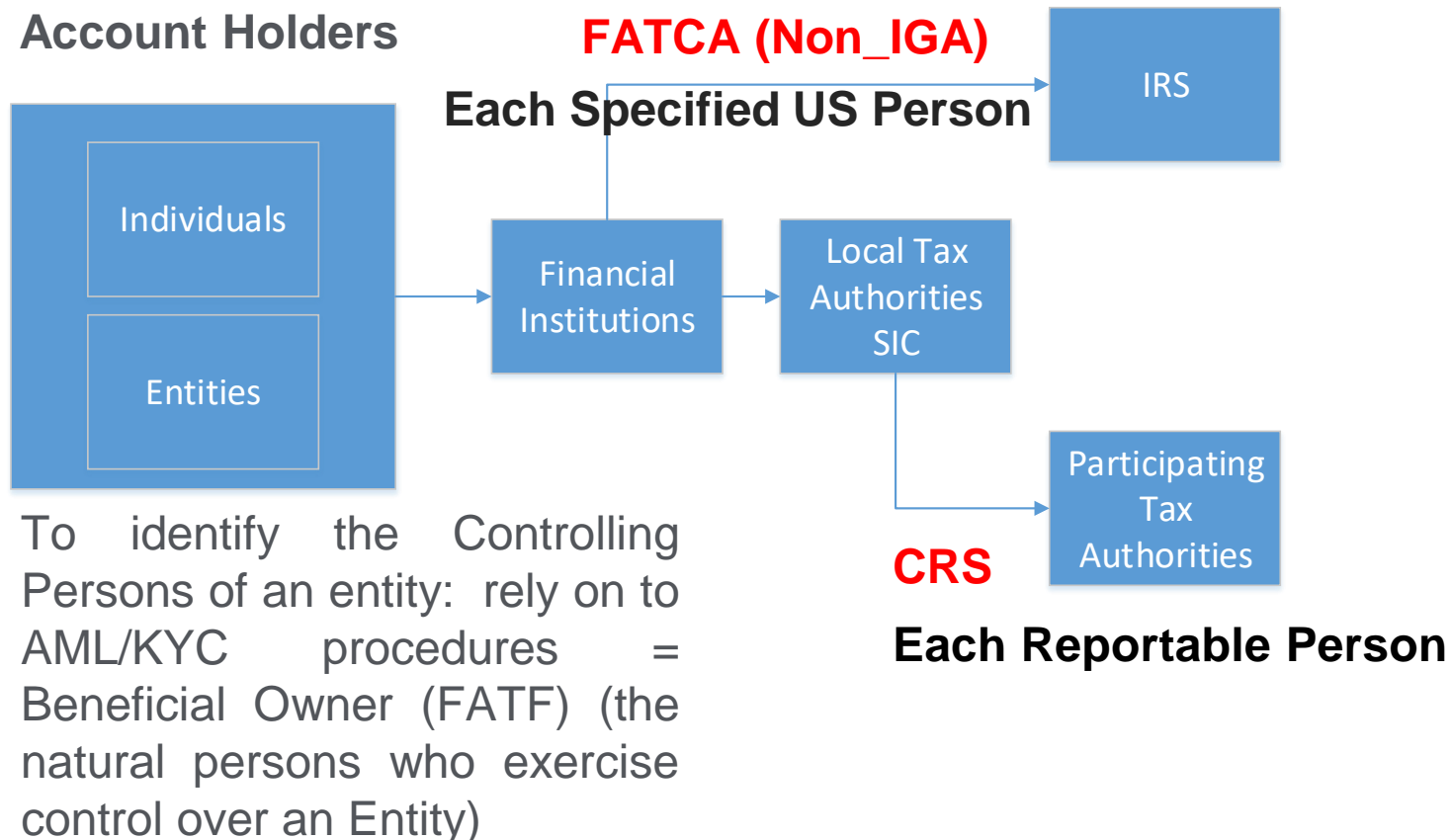
# Local Measures

Date	Number	Summary
20/10/2016		Transparency, Exchange of Information for Tax purposes, CRS, No Banking Secrecy for Non-Residents , No Bearer Shares
5/8/2016	BDL Decision# 12309  (circular 138)	The Exchange of Tax Information covered by Banking Secrecy, in line with international standards: Banks and FI must provide to the SIC all tax info requested by foreign tax authorities and related to non-Lebanese residents in compliance with the GF on transparency and exchange of info for tax purposes and OECD.
24/11/2015	Law #44	AML, CFT Tax evasion is ML crime
24/11/2015	Law #43	Exchange of Tax Information
5/4/2012	Decision #10965  (circular 126)	Relationships of Banks and FI with intermediaries
16/10/2008	Law #33	Authorization for the Government to sign UN treaty on Anti-Corruption
16/10/2008	Law #32	SIC powers expanded
20/4/2001 and 15/8/2001	Law # 318 And Decision #7818	Combatting Money Laundering Act And

# Overlapping use of AML/FATCA/CRS systems



# Common thread between FATCA and CRS and AML



**Local Tax Authorities are putting the burden on Financial Institutions to report on Account Holders**

# Transparency - Issues for Jurisdictions

- It is not a plot.
- Need to have an ethical and global approach instead of reactive and selective approach.
- By 2018, tax authorities will know who owns most accounts & where the economic benefit flows.
- The issue of whether jurisdictions have enough information, resources and processes in place for automatic exchange of information and confidentiality will be a game-changer.

# Transparency - Issues for Practitioners

- In a **'golden era for compliance'** – have you enough resources?
- Do you have adequate **tax knowledge**?
- Are **your clients** ready for:
  - CRS reporting by mid 2017
  - FATCA reporting
    - **Do they need to consider disclosure options?**
- Are **your CDD procedures and KYC** ready for beneficial ownership reporting by 2018?
- Are **your client's structures** still appropriate in a transparent regime
- Did you consider place of residency implications?

# Acronyms

**FATCA:** Foreign Account Tax Compliance Act- US legislation

**HIRE Act:** Hiring Incentives to Restore Employment Act

**FFI:** Foreign Financial Institution

**NFFE:** Non-Financial Foreign Entity

**USFI:** United States Financial Institution

**IRS:** Internal Revenue Service of the US

**GIIN:** Global Intermediary Identification Number

**FATF:** The Financial Action Task Force- sets the international benchmark for anti-money laundering regulations

**IGA:** Intergovernmental Agreements

**AEOI** – Automatic Exchange of (Tax) Information.

**IGA** – Inter Governmental Agreement - Treaties that implement FATCA into domestic law.

**CRS** – Common Reporting Standard - New global standard for AEOI.

**OFAC:** Office of Foreign Assets Control

**OECD:** Organization for Economic Cooperation and Development

**BSA:** Bank Secrecy Act

**AML:** Anti Money Laundering

**CTF:** Counter Terrorism Financing

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**Thank You**