



## ISLE OF MAN TAX TRANSPARENCY: IMPACT ON HIGH NET WORTH INDIVIDUALS

**LONDON, 24 JUNE 2009** – Louise Somerset, Tax Director at RBC Wealth Management, comments on the Isle of Man's plans for the automatic exchange of tax information and the impact that this will have on High Net Worth clients.

Louise Somerset says that:

"The Isle of Man has announced that, from 2011, it will be changing the way in which it applies the European Union Savings Directive (EUSD). At present, in common with most other jurisdictions, customers with Isle of Man bank accounts can opt either to suffer withholding tax on bank interest or to receive the interest gross, but accept that their country of residence will be informed of the interest arising. From 1 July 2011, the withholding tax option will be withdrawn and information will be exchanged automatically in all cases.

"The proposed change will make no difference to the huge majority of taxpayers who are already correctly disclosing their offshore income to their revenue authority. It will, however, enhance the chances of HMRC (and other EU revenue authorities) identifying taxpayers who have not yet disclosed their offshore accounts and may encourage errant taxpayers to take advantage of HMRC's current 'tax amnesty'. To this extent it is therefore to be welcomed.

"One category of taxpayer who may be affected by this move by the Isle of Man is the individual who is resident but not domiciled in the UK and who is opting to be taxed in the UK on the remittance basis. Such individuals are not liable to UK tax on their offshore income and are specifically exempted from providing information about their overseas assets and income to HMRC. Whilst the changes proposed by the Isle of Man will make no difference to their tax liability, many individuals from politically unstable jurisdictions are anxious to preserve their privacy, and may choose to invest in other jurisdictions where the application of the EUSD is more tailored to the specific obligations of the taxpayer.

"It will be interesting to see whether other jurisdictions that currently apply the EUSD follow this move. At present, taxpayers with bank accounts in Jersey and Guernsey, for example, have four options: they can pay the withholding tax, they can agree to exchange of information, they can obtain a certificate from HMRC that full details of their bank interest have been disclosed, or they can certify that they are not liable to tax on the income (provided they are not domiciled in the UK and have opted to be taxed on the remittance basis). From 2011, the options in the Isle of Man will be significantly limited."

**ENDS**

**Contact information**

Greentarget, London

Anna Watson / Phillippa Cantrill

Telephone: +44 (0)20 7680 5052 / +44 (0)20 7680 5063

RBC Wealth Management

Sanam Alaghband / Beverley Weber

Telephone: +44 (0)20 7002 2013 / + 44 (0)20 7029 7685

### **About RBC Wealth Management**

The international arm of RBC Wealth Management services over 35,000 high net worth individuals and institutions through 35 offices in the British Isles, Continental Europe, Asia, the Middle East, the Caribbean, Latin America and North America. RBC Wealth Management provides integrated and diversified international wealth management expertise and solutions, asset management and trust services to high net worth individuals and to corporate and institutional clients. Services provided by RBC Wealth Management consultants, advisors, private bankers and trust officers include trust and estate planning, tax advice, discretionary investment management and investment advisory services, structured solutions, banking, lending and global custody. For more information, please visit [www.rbcwminternational.com](http://www.rbcwminternational.com).

RBC Wealth Management is a segment of RBC, which directly serves affluent and high net worth clients and provides asset management products and services to institutional and individual clients. The business has more than C\$450 billion of assets under administration, more than C\$220 billion of assets under management and more than 4,000 financial consultants, advisors, private bankers and trust officers.

### **About RBC**

Royal Bank of Canada (RY on TSX and NYSE) and its subsidiaries operate under the master brand name RBC. We are Canada's largest bank as measured by assets and market capitalization, one of North America's leading diversified financial services companies and among the largest banks in the world, as measured by market capitalization. We provide personal and commercial banking, wealth management services, insurance, corporate and investment banking and transaction processing services on a global basis. We employ approximately 80,000 full- and part-time employees who serve more than 18 million personal, business, public sector and institutional clients through offices in Canada, the U.S. and 53 other countries. For more information, please visit [www.rbc.com](http://www.rbc.com).