

Business Insurance

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A taxing question

Some accounting firms and specialist tax advisers to buyers, distributors and providers of insurance coverage are clearly rubbing their hands with anticipation as pressure mounts on so-called tax havens from tax-hungry governments such as the United States administration.

Debate was building in the international market anyway before the recent economic downturn that followed the credit crisis as an increasing number of buyers became concerned about the validity of their tax and compliance arrangements for global programs in particular.

But the sharp focus on the efficacy of financial regulation, the role of offshore vehicles in the securitization process in particular and supposed tax evasion via offshore domiciles ramped up interest again in the topic and essentially led to the introduction of the Stop Tax Haven Abuse Act that was introduced in March in the United States.

This Act gives the US Treasury the power to take 'special measures' against overseas jurisdictions and stiffen the penalties for 'tax haven promoters'.

Much of the inspiration behind this Act and other moves considered elsewhere are of course political and based in some obvious vested interests, not least U.S. insurance companies that would be more than happy to see their overseas.

But its serious nonetheless and interested parties who have not really read up on this topic would do well to do so.

A good start would be a recent press release from international tax compliance firm FiscalReps