



# In safe hands

Captive Review talks to **Mike Stalley**, of **FiscalReps**, about how the growing insurance sector of Malta has called for a greater demand in niche tax consultancy



**MIKE STALLEY, FCA**, is FiscalReps' chief executive. He is a chartered accountant and has worked in the international insurance industry for more than 15 years. FiscalReps provides independent global compliance services to the insurance industry covering premium taxes, regulation, licensing and global programme structuring.

**Captive Review (CR): How has the insurance sector in Malta developed?**

**Mike Stalley (MS):** We first visited Malta in around 2007 when we attended a captive conference where I gave a presentation at one of the seminars regarding premium tax compliance in the European Union. Since then, we have built strong relationships with a number of captive managers and insurers in Malta. What we have seen over this period is a growth of the island's insurance sector but also the growth of a very structured and professional services industry surrounding the provision of insurance. There is a very good structure in place to provide professional services for the insurance sector and support it. As a consequence, the reputation of this domicile has become very strong because of the quality of regulation and the business-orientated attitude of the regulator.

**CR: Would you say the need for services for this insurance sector has changed?**

**MS:** Given the specialist business lines written in Malta, there is a need for specialists, be they accountants, lawyers, auditors etc. What we are seeing is much more of a focus on a quality provision of services – this is where Malta stands out. This has helped the island gain an advantage over some other domiciles.

**CR: How does FiscalReps stand out from the rest of the tax consultants in Malta?**

**MS:** Where FiscalReps scores well over other service providers is with our focus on the niche area of premium tax, so in this respect we are able to offer a complete compliance solution to our clients. A

complete solution effectively means outsourcing the whole of the premium tax compliance service from the client to us in the UK where we will look after everything in detail. That is where we are able to offer Maltese clients something a bit different, certainly with the captive model and the specialist insurer model there seems to be desire to outsource non-core business functions. What we at FiscalReps are able to do, and very well, is basically remove the burden from the client and take over their premium tax compliance for them, allowing them to focus on their main duties of managing and running insurance companies.

The issue for insurers in general is that unfortunately tax compliance isn't getting any easier. In the past few years there have been a number of headline tax rate increases together with the introduction of new taxes on insurance premiums. Achieving tax compliance is not impossible, it certainly is doable and at FiscalReps we have developed the skills and tools to assist our clients achieve full compliance. A well-run insurer should always be premium tax compliant as there are a number of simple steps that can be done to achieve this. Understanding the business you are writing and really having access to good premium tax information and the ability and intelligence to apply it well is important. With that in mind, FiscalReps is very much focused on not only compliance for our clients, but also advising them as well. Whether they are looking to create new products or enter new countries, what we look to do is to advise our clients on the premium tax implications of writing business in these ways. Tax can be often overlooked, although it is in many ways front and centre for these insurers, so it is important to make sure they are accounted for correctly from day one.

**CR: How are upcoming regulation changes, such as Solvency II, affecting tax consultancy for captives?**

**MS:** Solvency II is obviously the big event that will hit the insurance industry at some point in the next couple of years. While a lot of the focus has been on the capital requirements of the directive itself, within the legislation there is a requirement that where an insurer is outsourcing key functions, they are outsourcing that function to someone who is suitably qualified to perform these duties and take responsibility. So that is one area where we see regulation starting to impact our business and we have built FiscalReps so that it can be recognised as a highly qualified and capable firm. Our

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FiscalReps+ programme, which will be launched in 2012, is designed to develop our newer members of staff into qualified tax experts who can provide professional advice to clients. From an insurer's perspective we can help them comply with Solvency II by being that "fit and proper" outsourcing partner for them.

Also, tax offices are much more aggressive than they have been in the past in terms of seeking tax revenue. Compliance across the board is much stricter now than it probably ever has been so tax is an area that people want to focus on in terms of ensuring their tax liabilities are correct and fully disclosed. At FiscalReps, we are focused on building and maintaining strong relationships with all tax offices; maintaining an open dialogue with tax officials is crucial in ensuring that our clients remain aware of all legislative developments.

Furthermore with recent stories that the Maltese Financial Services Authority is actively seeking evidence of premium tax compliance from its insurers under regulation, now is the time to take control and implement procedures to ensure that premium tax compliance failures will not cause greater regulatory issues.

#### **CR: What can you see the next 12 months holding for FiscalReps' activities in Malta?**

**MS:** We have a great relationship with our existing clients in Malta, which includes many captive managers and insurers and we intend to grow these relationships and develop new ones into the future. There seems to be new insurance business going to Malta so hopefully we will be able to help these new insurers with their premium tax compliance. We are excited about the fact that we will be holding our second annual forum in Malta in September 2012. We held our first half-day forum earlier in 2011 which was a great success, with the idea being to give the insurance community on the island an update of premium tax issues around Europe and to offer clients the chance to discuss premium tax issues with us.

So from a FiscalReps perspective, Malta is very much in our plans. We see it as a country where we like doing business, as we have great relationships here. We are very hopeful that our time and success in Malta will continue to grow and that we can continue to be a valuable part of our clients' compliance infrastructure in Malta. ☺