



## FATCA Details Slowly Emerging

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For two years, Canadian Central has been monitoring and reporting about emerging requirements of the Foreign Account Tax Compliance Act (FATCA). FATCA is new American legislation that will require financial institutions around the world, including many Canadian credit unions, to collect and report detailed financial account information of U.S. taxpayers.

Much delayed “final” FATCA Regulations were released January 17, 2013 by the U.S government.

Several countries have concluded Inter-Governmental Agreements (IGA) with the U.S. that modify and streamline the requirements for their own country.

The Canadian government remains in “intense” IGA negotiations with the U.S. that may be delayed by Canadian constitutional issues. As a result, while the broad outlines of FATCA requirements are known, much detail is still to come.

Canadian Central is engaged in continuous dialogue with Finance Canada and the Canada Revenue Agency (CRA) to ensure that, first, our strong opposition to this new compliance burden is heard and, second, exemptions are maximized and compliance obligations minimized and practical, especially for small financial institutions.

If a Canada/U.S. IGA is signed, CRA will need to follow with Implementation Guidance to fill in the blanks with specifics about compliance and reporting.

Based on the information currently available in FATCA Regulations and IGA’s signed with other countries, we speculate the requirements may be approximately as follows:

1. Information will be reported to the CRA, not the American IRS. The CRA will then turn the information over to the IRS.
2. Credit unions with assets less than \$175 million will be exempt, but only if their websites do not permit account opening. We are disputing this website limitation. In Canada, two-thirds of our credit unions have assets under \$175 million.
3. For non-exempt credit unions, FATCA registration is required before January 2014.
4. New accounts opened by U.S. persons after January 1, 2014 will have to be reported in 2015.
5. Members’ accounts less than \$50,000 in aggregate are exempt from any review and reporting. Also, all registered accounts such as RRSPs and RRIFs will be exempt.



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6. Accounts pre-existing at the end of 2013 greater than \$1 million in aggregate will need to be searched in 2014 for evidence of U.S. persons and reported in 2015. Accounts less than \$1 million but greater than \$50,000 will be reviewed by the end of 2015 and reported in 2016.
7. Credit unions with at least 98 per cent deposits (dollars, not number of accounts) held by residents of Canada will have some reduced requirements. We expect some credit unions with assets greater than \$175 million will fit this category of reduced compliance.

As a reminder, Canadian Central has a repository of information relating to FATCA on its website, which includes resources, documents, past webinars (including the most recent webinar on January 23, 2013) and key media reports. [Click here](#) for direct access (note: member login is required). As new information becomes available, Canadian Central will post on the website and hold additional webinars.