



House of Commons

Chambre de communes

September 25, 2013

*The Honourable James M. Flaherty, P.C., M.P.
Minister of Finance
Department of Finance Canada
140 O'Connor Street
Ottawa, Ontario K1A 0G5*

Dear Minister,

As Official Opposition Critic for National Revenue, I am writing to express my serious concerns regarding negotiations with the United States over the implementation of the U.S. Foreign Account Tax Compliance Act (FATCA).

Currently, Canada is engaged in closed door negotiations with the U.S. over an Intergovernmental Agreement (IGA) for the implementation of FATCA in Canada. Such an agreement could oblige Canada to enact laws and regulations requiring Canadian financial institutions to comply with this U.S.-based legislation. New Democrats have serious concerns about the lack of transparency and consultation during these negotiations and the potential for such an agreement to infringe on the rights of Canadians and fail to offer reciprocal benefits to both parties.

Reports suggest that if implemented, an IGA may require Canadian banks, investment funds and other financial institutions to disclose annually to the U.S. Internal Revenue Service (IRS) information on accounts held by American citizens, including dual citizens in Canada. Failure to disclose account information could result in a withholding tax applied to U.S. income earned by the institution or by the account holder. We are concerned that these negotiations may allow the United States to bypass the established exchange of information between the IRS and the Canada Revenue Agency and instead get information directly from Canadian financial institutions. Concerns have been raised that such a system could potentially violate existing Canadian privacy laws. Furthermore, at this time it is unclear if reciprocal information would be granted in return.

New Democrats are concerned with the prospect of a foreign nation unilaterally imposing obligations on Canadian banks to disclose personal information. The Canadian Government has a responsibility to protect Canada's tax base, and while we understand the United States' desire to protect their own tax base, this should not come at the cost of the rights of individuals residing in our own country. Cracking down on tax cheats should occur through international cooperation rather than unilateral action.

What's more, the secrecy of the negotiations over this agreement has left Canadians in the dark as to the integrity of their personal banking information. The Canadian government should be standing up for the civil liberties of Canadians. Furthermore, the Conservative government must ensure that any agreement reached is fair for Canada.

In the interest of transparency, fair taxation and respect for privacy rights, we are asking the government to reject any agreement that violates the rights Canadians or that fails to offer Canada equal benefits to those provided to the United States.

In light of the important issues at stake, we urge the government to bring transparency to this process and inform Parliamentarians on the state of negotiations.

I appreciate your time and look forward to your response.

Sincerely,

A handwritten signature in black ink, appearing to read "Murray Rankin". The signature is fluid and cursive, with the first name "Murray" and the last name "Rankin" clearly distinguishable.

Murray Rankin, Member of Parliament for Victoria
Official Opposition Critic for National Revenue

cc: Peggy Nash, Official Opposition Critic for Finance