

FATCA: Frequently Asked Questions

What is the Foreign Account Tax Compliance Act (FATCA)?

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The Foreign Account Tax Compliance Act (FATCA) was signed into U.S. law in March 2010. FATCA and, in some countries, related local regulations, will require financial institutions to report annually on “reportable accounts.” This reporting will be made available to the U.S. Internal Revenue Service, either directly or through local regulatory agencies like the Canada Revenue Agency.

When does FATCA take effect?

FATCA implementation begins on July 1, 2014. On that day, financial institutions must begin to:

- Use new account opening procedures that ensure the account holder’s U.S. tax status is determined when the account is opened.
- Review existing accounts to identify those that are subject to reporting.

What are “reportable accounts”?

“Reportable accounts” are personal and non-personal non-registered accounts that are:

- Held by one or more U.S. persons; or
- Held by certain entities in which one or more U.S. persons hold a substantial ownership or controlling interest

Many additional limitations apply, further reducing the number of accounts that will qualify as “reportable.”

What is a “U.S. person”?

If you want help in determining if you are a U.S. person for the purposes of FATCA, we suggest that you speak with a professional tax advisor.

Attributes that generally cause an individual or business to be classified as a U.S. person include:

- U.S. citizenship
- Being a lawful resident of the U.S.
- Qualifying as a U.S. corporation, partnership, or trust or a non-U.S. corporation, partnership or trust that is controlled by a U.S. citizen or resident for tax purposes

Find additional information on the rules applicable to non-U.S. citizens [here](#).

How will FATCA affect me if I am a U.S. person?

If you are a U.S. person, we may be required to ask you to complete a self-certification declaration and provide your U.S. taxpayer identifying number for our records.

In addition, we may be required to provide annual reports on your account to the Canada Revenue Agency, according to local law. This should have no impact if you are already meeting your existing U.S. tax filing obligations, but we encourage you to review this with a professional tax advisor.

How will you determine if I have “reportable accounts”?

Personal Accounts

For most clients, information we have on file will allow us to determine that no reporting is required.

If the information you have provided indicates that reporting may be required for your accounts, we will ask you to provide additional information—possibly in the form of new documentation regarding your U.S. tax status. We will then compare the information you provide against the applicable requirements to determine whether or not your accounts are reportable.

Non- Personal Accounts

For most businesses, the documentation we have on file will allow us to determine that no reporting is required.

If your business is of a type for which we are required to obtain additional documentation, we will ask you to provide that documentation. We will then review the new documentation against the applicable regulations to determine if your accounts are reportable.

Does FATCA apply only to personal bank accounts?

No, FATCA applies to many other types of financial accounts, including certain business accounts, insurance contracts, and investment or brokerage accounts.

Why are non-U.S. financial institutions complying with FATCA?

In countries that sign an agreement with the U.S. regarding FATCA, financial institutions will be required to comply with new local regulations related to FATCA.

Are all banks complying?

In most countries globally (including Canada) financial institutions will be required to comply. In some countries, financial institutions will not be allowed to comply. As well, in countries where compliance is not legally required, some financial institutions may decide not to comply.

Is this all new?

No, this is not altogether new. In some countries, reporting of account activities to local tax authorities has long been legally required at some level. As well, reporting across borders regarding certain financial transactions has been required and sanctioned for years. FATCA simply builds on these existing financial reporting structures by adding new types of data to the list of what must be reported.

What happens if I refuse to answer FATCA-related questions or complete FATCA-related forms?

If you choose not to meet requests for assistance in determining your U.S. tax status, we will be legally required to treat your accounts as “reportable accounts.”

I have an account in U.S. dollars. Does this mean my account will be reported to the IRS?

No. In and of itself, the currency of an account has no impact on whether or not it is treated as a “reportable account.”

How are joint accounts handled under FATCA?

If at least one of the joint owners qualifies as a U.S. person, any required reporting would treat the U.S. person as the owner of the entire account. If more than one of the joint owners are U.S. persons, any required reporting would treat each U.S. person as the owner of the entire account.

If clients already have a W-9 [or W-8] form on file with ATB, are they required to provide another self-certification of their U.S. status?

Yes, clients will be required to complete a self-certification declaration. This does not have to be completed immediately if you are an existing client. You can plan to complete it, if necessary, during your annual reviews. The focus at this time will be on new clients who need to complete this declaration.

Can you give me advice on how to respond to questions and requests related to FATCA?

Tax law is a highly specialized field. While we can provide general information on FATCA and related local regulations, we are strictly prohibited from providing tax advice. *If you want advice on how to respond to questions and requests related to FATCA, we suggest that you speak with a professional tax advisor.*

Where can I go for more information?

Information on the Intergovernmental Agreement (IGA) between Canada and the U.S. can be found [here](#).