

## **SBI Canada Bank - Foreign Account Tax Compliance Act (FATCA)**

### **What is FATCA**

The Foreign Account Tax Compliance Act (FATCA) is a law passed by the United States (U.S.) in March 2010.

Effective July 1, 2014, non U.S. financial institutions (FIs), including SBI Canada Bank, herein after referred to as “SBIC”, are required to identify, document, and report on accounts held by U.S. Persons and all entity accounts owned or controlled by U.S. Persons. For U.S. tax purposes, a U.S. person is defined as follows:

- A citizen of U.S. This includes U.S. born individuals who are resident in another country, including Canada, but have not renounced U.S. citizenship.
- An individual residing in U.S. This includes U.S. green card holders; and
- Non-exempt U.S. Corporations, U.S. Partnerships, U.S. Estates, or U.S. Trusts.

An individual who spends extended time in the U.S. in one year or over a period of years might also be considered a U.S. person.

### **Objective**

The objective of FATCA is to identify U.S. Persons who may evade U.S. taxes by placing assets in foreign (non-U.S.) accounts - either directly or indirectly through certain foreign entities such as corporations or trusts.

### **FATCA in Canada**

The governments of Canada and U.S. have signed an Inter-Governmental Agreement (IGA) . Under this agreement, FIs in Canada will report required information on accounts held by U.S. Persons to the Canada Revenue Agency (CRA) and CRA will then exchange the information with the U.S. Internal Revenue Service (IRS). Canada has since implemented legislative changes to require Canadian FIs to become FATCA compliant and this requirement is now part of Canadian tax law.

### **How does FATCA impact the clients of SBIC?**

SBIC has always been committed to maintaining client’s information accurate, confidential, and private in accordance with various legislative and regulatory requirements that apply to all banks in Canada. We adhere to applicable privacy laws and regulations while maintaining high standards of client privacy and client service at all times.

Alike all other Canadian banks, SBIC is required to report certain account information to CRA. For this purpose, SBIC is required to search its records for certain defined U.S. indicia linked to

account holders to determine whether an account holder or a controlling person is a U.S. person. As part of making this determination, SBIC might request clients meeting certain criterion to provide further information or self-certify whether or not they are U.S. Persons. If the requested information or self-certification is not received from a client, SBIC is required to report account information to CRA. Reportable status is determined as of December 31<sup>st</sup> of each respective year.

### **SBIC's compliance to FATCA and registration with IRS**

FATCA applies to all Banking entity clients, as many are required to register with IRS and all must be classified for FATCA purposes. The client's classification as a U.S. withholding agent (USWA), foreign financial institution (FFI) or non-financial foreign entity (NFFE). SBIC have also been registered with IRS as FFI and attributed Global Intermediary Identification Number (GIIN). SBIC understand the importance of FATCA and meet all obligations imposed under FATCA in accordance with local banking and tax regulations.

### **Where I can find more information**

[Canada Revenue Agency:](#)

[Internal Revenue Service](#)

[Canadian Bankers Association](#)

[Department of Finance Canada](#)

[FAQ issued by CRA](#)