

NEWS RELEASE

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For Immediate Release

IIAC Responds to Announcement of Canadian IGA to Implement FATCA

Toronto, February 5, 2014 – In response to an announcement made today by the Minister of Finance and the Minister of National Revenue, the Investment Industry Association of Canada (IIAC) issued the following statement:

The IIAC commends the work of the Canadian government to execute an intergovernmental agreement between Canada and the United States to improve cross-border tax compliance through enhanced information exchange under the Canada-United States Tax Convention.

This agreement will greatly reduce the burden of compliance for financial institutions and the risk of unintended consequences to Canadians by requirements imposed under the Foreign Account Tax Compliance Act (FATCA), enacted by the U.S. in 2010.

FATCA alone would have required Canadian financial institutions to close client accounts; could have imposed U.S. tax withholding and penalties on persons with no connection to the United States; and could have included in its scope Canadian investment vehicles which are at a low risk for tax evasion use, such as registered savings accounts (for example, RRSPs, RDSPs, RESPs, RRIFs) and tax-free savings accounts (TFSA). The agreement between Canada and the U.S. exempts these accounts from the scope of FATCA and provides a more reasonable and fair approach to addressing the important issue of cross-border tax compliance.

The IIAC will be reviewing the specific provisions of the agreement and assessing the impact on IIAC members and their clients before conducting media interviews.

The IIAC – Representing Canada’s Investment Professionals

The Investment Industry Association of Canada (IIAC) is the national association representing the investment industry’s position on securities regulation, public policy and industry issues on behalf of our 160 IIROC-regulated investment dealer Member firms in the Canadian securities industry. These dealer firms are the key intermediaries in Canadian capital markets, accounting for the vast majority of financial advisory services, securities trading and underwriting in public and private markets for governments and corporations. The IIAC provides leadership for the Canadian securities industry with a commitment to a vibrant, prosperous investment industry driven by strong and efficient capital markets.

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