

FATCA and the Canada-U.S. Enhanced Tax Information Exchange Agreement overview

The Foreign Account Tax Compliance Act (**FATCA**) is U.S. tax legislation enacted in March 2010 to provide increased ability to detect tax evasion by U.S. persons through the use of financial accounts at non U.S. financial institutions.

On February 5, 2014, Canada signed the Canada-U.S. Enhanced Tax Information Exchange Agreement to improve tax compliance in both countries through enhanced information sharing between the two governments. Under this agreement, Canadian financial institutions will be required under Canadian law to identify and report information to the Canada Revenue Agency (CRA) on reportable financial accounts held in Canada by **U.S. Persons¹**, rather than directly to the U.S. Internal Revenue Service (IRS).

When does this take effect and what products are impacted?

Identification of policies held by **U.S. Persons¹** will be required for policies opened on and after July 1, 2014 and for pre-existing Entity owned policies with a cash value that exceeds \$250,000 which were issued on or before June 30, 2014. Impacted policies include cash value insurance and non-registered annuity products.

This means policy owners of **Universal Life, Traditional Whole Life, Non-Registered Single Premium Immediate Annuity and Non-Registered Guaranteed Investment Funds** are required to self-certify whether or not they are a **U.S. Person¹**. As an insurance advisor, you may be asked by your clients to assist them in completing the required form.

We have created 2 new Client Services Forms to accommodate such changes.

- Individual Status Self Certification Form 641
- **Entity²** Status Self Certification Form 638

A Summary of when to use the new forms for FATCA

Once you identify the type of the policy owner as being an individual or **entity²**, check the table below to see if the applicable form is required at time of application or not.

Plan	Deposit/ Cash Value	Required Form
		Individual Status Self Certification Form 641E Or Entity² Status Self Certification Form 638E
SPIA (Non-Registered)	Any deposit amount	✓
Seg Funds (Non-Registered)	Any deposit amount	✓
Universal Life and Traditional Whole Life with Cash Value	Cash Value <\$50,000	Not required
	>\$50,000	✓
Signed by	Policy Owner for Individual Signing Officer for Entity	
Where to find these new forms	<ul style="list-style-type: none"> • Available now for download via The Wave Illustration software (under Forms and Questionnaires) • Available now on BMO® Insurance Advisor Site (under Forms and Questionnaires) 	

U.S Persons¹ include:

- A citizen of the U.S. (including an individual born in the U.S., but resident in Canada (or another country) who has not renounced their U.S. citizenship)

- *A permanent resident of the U.S.*
- *A U.S. green card holder*
- *U.S. corporations and U.S. estates and trusts.*

Entity² *may include but is not limited to a corporation, partnership, trust and charity.*

Where can I go for more information?

- Canada Revenue Agency website: [Enhanced financial account information reporting](#)
- Department of Finance Canada website: [FAQs: FATCA and the Intergovernmental Agreement for the Enhanced Exchange of Tax Information under the Canada-U.S. Tax Convention](#)
- CLHIA website: [U.S. Foreign Account Tax Compliance Act \(FATCA\)](#)