

FATCA Q&A – BridgeForce Compliance Days
Woodstock (March 11) & Woodbridge (March 12) Sessions

1. Are credit unions considered Foreign Financial Institutions (FFIs) under FATCA?

Many credit unions are considered FFIs under FATCA. However, some smaller ones are considered “deemed compliant FFIs”, which are exempt from FATCA reporting requirements.

2. Are TFSAs and RESPs reportable under FATCA?

TFSAs and RESPs are not reportable accounts under FATCA. This being said, TFSAs and RESPs are not recognized in the Canada-U.S. Tax Convention in the same way that other registered accounts are. If you are a U.S. person, you may need to report these accounts for U.S. tax purposes as part of FBAR reporting.

3. What happens if an advisor suspects their client is lying about their U.S. status?

To begin, recognize that the law requires us to collect and report clients’ U.S. tax status, not perform a determination.

To mitigate any risk, we recommend taking good notes and maintaining clear documentation of your client discussions. Keep records of what conversations took place, what questions you asked and whether you came across any indicators of U.S. status. Ask your client to confirm in writing that they’ve obtained U.S. tax advice. You can even go a step further by having them specify who provided the advice. One way to position this request is: “In case other clients of mine require similar advice in the future, would you mind confirming the name and contact information of the person who gave you advice?”

4. Are group savings accounts/pensions reportable under FATCA?

Only if they are non-registered holdings.

If I missed any questions or if you have additional ones, please don’t hesitate to contact me. I can be reached by phone at 1 (800) 991-2121 x283845 or by email at grant_morton@manulife.com.

Regards,

Grant