

## U.S. DEPARTMENT OF THE TREASURY

## Press Center



## U.S. Announces Agreement With Canada To Halt Offshore Tax Evasion

2/5/2014

*Agreements with Hungary, Italy, and Mauritius also Recently Signed*

**WASHINGTON** – The U.S. Department of the Treasury announced that the United States signed intergovernmental agreements (IGAs) with Canada and Hungary this week to implement the Foreign Account Tax Compliance Act (FATCA). Since Treasury last announced multiple IGA signings in mid-December 2013, agreements have also been signed with Italy and Mauritius, the latter of which also signed a new tax information exchange agreement. Congress enacted FATCA in 2010 to target non-compliance by U.S. taxpayers using foreign accounts, and the provision has since become the global standard for promoting tax transparency. The United States has signed 22 IGAs and has 12 agreements in substance to date.




“FATCA implementation is critical to combatting international tax evasion and promoting transparency,” said Deputy Assistant Secretary for International Tax Affairs Robert B. Stack. “The agreements announced today clearly demonstrate the considerable international support behind FATCA and we are proud to lead the global charge on this pressing issue.”

FATCA seeks to obtain information on accounts held by U.S. taxpayers in other countries. It requires U.S. financial institutions to withhold a portion of certain payments made to foreign financial institutions (FFIs) that do not agree to identify and report information on U.S. account holders. Governments have two options for complying with FATCA: they can either permit their FFIs to enter into agreements with the IRS or they can themselves enter into one of two alternative Model IGAs with the United States.

Under a Model 1 agreement, FFIs report the relevant information to their respective governments, which then relay that information to the IRS. By contrast, a Model 2 agreement contemplates that FFIs will provide relevant information to the IRS themselves, with government-to-government cooperation serving to facilitate reporting when necessary to overcome specific legal impediments. Each of the countries in the announcement today – Canada, Hungary, Italy, and Mauritius – signed reciprocal Model 1 agreements. This means that the United States will also provide tax information to these governments regarding individuals and entities from their jurisdictions with accounts in the United States.

Treasury and the IRS will continue to work diligently to finalize all related FATCA guidance so that FFIs and withholding agents have time to prepare and comply when withholding goes into effect on July 1, 2014. Updates and further information on FATCA can be found by visiting the Treasury FATCA page [here](#).

The agreements can be found at:

- [Canada](#) 
- [Hungary](#) 
- [Italy](#) 
- [Mauritius](#) 

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