

MEDIA RELEASE

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FATCA intergovernmental agreement signed

The Financial Services Council has welcomed the signing today of an intergovernmental agreement (IGA) on the Foreign Account Tax Compliance Act (FATCA) regime.

“The FATCA IGA is a positive outcome from many months of consultation between Australian Treasury and the US Government,” John Brogden, CEO of the Financial Services Council said.

“Treasury has worked closely with the US government to get this IGA signed,” Mr Brogden said.

“It is significant for the financial services industry in reducing red tape and will save hundreds of millions of dollars in compliance costs.”

FATCA was enacted in 2010 by the US Congress as part of the Hiring Incentives to Restore Employment (HIRE) Act. FATCA currently requires foreign financial institutions to report information to the IRS about financial accounts held by US taxpayers, or by foreign entities in which US taxpayers hold a substantial ownership interest.

The Financial Services Council is also encouraging the government to consider mechanisms to ensure compliance costs are reduced for the OECD’s common reporting standard.

“The OECD model has far-reaching compliance and cost ramifications for the financial services industry,” Mr Brogden said.

“The potential costs of the OECD model have the potential to be even more significant than FATCA. We encourage the government to consider cost-effective methods for the industry to comply with the OECD model.”

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About the Financial Services Council

The Financial Services Council represents Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks, trustee companies and Public Trustees. The Council has over 125 members who are responsible for investing more than \$2.3 trillion on behalf of 11 million Australians. The pool of funds under management is larger than Australia’s GDP and the capitalisation of the Australian Securities Exchange and is the third largest pool of managed funds in the world. The Financial Services Council promotes best practice for the financial services industry by setting mandatory Standards for its members and providing Guidance Notes to assist in operational efficiency.