

FATCA communication

The Foreign Account Tax Compliance Act (FATCA) is U.S. tax legislation enacted in 2010 to target tax avoidance by U.S. persons using accounts with financial institutions outside of the U.S. In general, FATCA requires financial institutions outside of the U.S., like Cypress Capital Management or any other Canadian financial institutions, to collect and report information about the financial accounts held by U.S. persons, who are individuals or entities. Accounts held by U.S. persons would be reportable for FATCA purposes.

Effective July 1, 2014, Canada adopted these FATCA rules in the Canadian tax legislation which requires Canadian financial institutions to collect information from account holders and report information to the Canada Revenue Agency (CRA) on accounts held by U.S. persons as well as account holders who fail or refuse to certify their FATCA status. The CRA may then provide this information to the Internal Revenue Service (IRS) in accordance with the provisions of the Canada-U.S. Tax Convention. Cypress Capital Management is complying with the Canadian tax legislation that implements these rules.

Generally, subject to certain threshold exemptions, all non-registered accounts opened with a Canadian financial institution are subject to these rules. Registered accounts¹ are exempted.

For accounts that are opened on or after July 1, 2014, the Canadian financial institution is required to collect information from the account holder to document and determine whether the account holder is a U.S. person.

For accounts that were opened prior to July 1, 2014, subject to certain threshold exemptions, the Canadian financial institution is required to review these accounts, collect information from the account holder, document and determine whether any of these accounts are held by a U.S. person. Such reviews need to be completed between July 1, 2014 and June 30, 2016, depending on the value of the account as at June 30, 2014.

Should the information that you provided or communicated to Cypress Capital Management lead Cypress or your custodian to believe that you may be a U.S. person, Cypress will contact you to obtain the necessary documentation or information to make a determination as to whether your account is reportable to the CRA for FATCA purposes. If we contact you for such requests, please reply as soon as possible as Cypress may be required to report your account to the CRA for FATCA purposes if we are unable to gather the necessary information from you within the specified time frame.

Should you have any questions about FATCA, please contact your tax advisor or visit the following websites:

CRA: <http://www.cra-arc.gc.ca/tx/nnrstdnts/nhncdrprtng/menu-eng.html>.

Canadian Department of Finance: <http://www.fin.gc.ca/n14/14-018-eng.asp>.

Disclaimer:

This communication contains general information only and Cypress Capital Management is not, by means of this communication, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This information is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect you or your business. Before making any decision or taking any action that may affect you or your business, you should consult a qualified professional advisor.

Cypress Capital Management shall not be responsible for any loss sustained by any person who relies on this information.

¹ Includes accounts such as: RRSPs, TFSAs, RESPs, RDSPs, RRIFs, PRPPs, RPPs and DPSPs.