

# National Bank: A partner in the fight against tax evasion

## Context

Since July 1, 2014, an agreement between Canada and the United States concerning the *Foreign Account Tax Compliance Act* (FATCA) has required Canadian financial institutions to report accounts and products held by clients who are U.S. citizens or residents of the U.S. for tax purposes.

On July 1, 2017, over 100 countries including Canada adopted an international standard, the *Common Reporting Standard* (CRS), which has been incorporated into Canada's *Income Tax Act*.

This standard is intended to counter tax evasion. Financial institutions (including National Bank, its subsidiaries and its centres abroad) must collect and disclose to the Canada Revenue Agency (CRA) certain information concerning financial accounts they hold for clients who are foreign residents for tax purposes.



**Since January 1, 2020,** self-certification must be completed before opening an account for individuals and businesses.



In the absence of valid self-certification, the Bank is required to declare the client as a U.S. resident if U.S. indicia are detected and as a resident of any other country for which foreign residence indicia are detected. Clients who fail to provide a tax identification number (TIN) could receive **penalties of \$100 to \$500 from the CRA.**

## What are your obligations?

Clients must now provide Canadian financial institutions with information about their tax residence and U.S. citizenship.

If you have any doubts, an independent tax specialist can help clarify the situation. As a National Bank client, you must complete a declaration of tax residence (completed and signed CRS-FATCA self-certification) when you purchase certain products or open certain accounts.

If any information is missing or inaccurate, you must correct your file within a given timeframe. Beyond that timeframe, the Bank may report your failure or refusal to provide the requested information to the CRA. You may then be subject to a penalty.

You will also be required to complete the self-certification if you already have an account with National Bank.

Self-certification can be done easily through your online Bank at [app.bnc.ca](https://app.bnc.ca); you can enter your tax information directly in your profile.

## Protecting your personal information

The information collected under CRS-FATCA is only used for the purpose of reporting to the CRA.

### Do all financial institutions need to comply with CRS-FATCA requirements like the Bank does?

Yes. Most financial institutions, not only in Canada, but around the world, need to comply with these new regulatory requirements. However, since each country must incorporate these new requirements into its own laws, the application of CRS-FATCA may vary from country to country. Moreover, the way in which the requirements are implemented may vary due to differences in systems.

### What accounts and products are targeted?

A wide range of accounts and products are targeted by these regulations, including:

- › Bank accounts;
- › Guaranteed Investment Certificates (GICs);
- › Line of credit accounts with a credit balance (e.g., personal line of credit);
  - Credit cards with a credit balance (unless capped at USD 50,000 or excess amount repaid within 60 days);
- › Rechargeable credit cards;
- › Securities brokerage accounts;
- › Mutual funds;
- › Custody services.



➤ For more information on CRS-FATCA regulations, consult the [Canada Revenue Agency website](#).