



News Release
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JAMAICA & THE US' FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA)

In 2010, the United States passed the Foreign Account Tax Compliance Act (FATCA). The Act seeks to enlist the services of financial institutions worldwide to collect tax information on persons who are liable to pay US taxes. The average Jamaican therefore, who is not liable to US taxes, is not expected to be affected by this regime.

Presently, some 75 jurisdictions and countries who have signalled their intent to enter into an Inter-governmental Agreement (IGA) on FATCA with the US, are already in negotiations or are actively considering the options under the Act. Jamaica is also seeking to enter into an IGA on FATCA with the US. The execution of an IGA effectively relieves a jurisdiction's financial institutions from some of the more onerous obligations under FATCA. It also provides for important exemptions to the regime that would apply to specified institutions and products that meet certain criteria.

The Jamaican Government, having considered all options, has determined that a **Model 1 IGA** is most desirable and has given approval for Jamaica to enter into negotiation for a **Model 1 IGA with the USA** to facilitate the implementation of FATCA. The approval was informed by the work of a Government of Jamaica Working Group comprised of Tax Administration Jamaica, Financial Services Commission, the Attorney General's Chambers, the Ministry of Foreign Affairs

and Foreign Trade and the Bank of Jamaica. Consideration was also given to the concerns of stakeholders, both public and private. The Government has further given authorization for Bank of Jamaica to act as lead institution to coordinate the work of the technical team.

Notably, the adoption of a Model 1 IGA means that local financial institutions that are affected by FATCA will make their reports regarding tax information on US persons to a Jamaican Central Authority. That Authority will then be responsible for transmitting the information to the US tax authorities. The Jamaican Government will also commit to any necessary legislative changes that will ensure that these disclosures do not breach Jamaican law.

Bank of Jamaica, on behalf of the Jamaican Government, has signalled to the US authorities the country's intention to sign a Model I agreement. Further, preparations are underway to conclude an agreement by the middle of this year. Financial institutions are therefore encouraged to continue preparation activities in earnest in anticipation of the implementation of the reporting regime.

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