



**AUSTRALIAN BANKERS'
ASSOCIATION INC.**

Paul Stacey
Tax & Security Manager

AUSTRALIAN BANKERS' ASSOCIATION INC.
Level 3, 56 Pitt Street, Sydney NSW 2000
p. +61 (0)2 8298 0416 f. +61 (0)2 8298 0402

www.bankers.asn.au

29 May 2014

Committee Secretary
Joint Standing Committee on Treaties
PO Box 6021
Parliament House
CANBERRA ACT 2600

Email: jsct@aph.gov.au

Dear Sir/Madam,

Agreement between the Government of Australia and the Government of the United States of America to Improve International Tax Compliance and to Implement FATCA (FATCA IGA)

The Australian Bankers' Association (**ABA**) would like to record its appreciation of the current and previous Australian government, together with the efforts of its officials, particularly those in Treasury, in negotiating the Foreign Account Tax Compliance (**FATCA**) IGA with the government of the United States of America (**US**).

Australian banks operate in a global market and their customers are located globally. Where those customers are US individuals or US controlled entities then under the US FATCA regime Australian banks are required to report certain information annually or suffer a 30% withholding tax on US sourced income.

While the FATCA regime does not have extra-territorial effect, it is commercially not an option for Australian banks to choose not to comply with FATCA. Non-compliance status would likely detract from an Australian bank's ability to fully participate in financial markets, or at the very least drive up the cost of participation. This is in addition to any direct US withholding tax cost.

Compliance with FATCA is, in practice, a cost of doing banking business. The real question, setting to one side the privacy law concerns, is how great is that cost? There is no doubt that if the FATCA IGA is not implemented then the cost to Australian banks, and ultimately their customers, will be many million dollars more than need be.

The ABA recommends the FATCA IGA to the Treaty Committee.

Yours sincerely,

Paul Stacey