**Equity Credit Union (ECU)**

**Statement of FATCA Compliance**

Foreign Account Tax Compliance (FATCA) in an all-encompassing Act passed by the US Senate and is part of the Internal Revenue Code (IRC). FATCA was passed to enable the US government to collect taxes from US citizens living abroad. The US government through the IRS and the Canadian Government entered an Inter-Governmental Agreement (IGA), which would require Canadian financial institutions (CFI) to report to the Canada Revenue Agency (CRA) about certain financial accounts held by US citizens or US originated businesses.

Under the requirements the credit union must first classify itself under one of three categories and must reassess this classification annually. This is one as of December 31 each year to coincide with CRA reporting cycles.

Prior to 2022, the credit union had assets of less than $175 Million USD equivalent and was classified as Non-Reporting CFI on the basis it qualified as a “Local Bank”. It was treated as a Certified deemed compliant FI for FATCA compliance and under this categorisation it was not required to register with the IRS and obtain an GIIN or report to CRA.

As of December 31, 2021, the credit union performed the annual test to determine it classification. At that point in time the credit union is classed as a **Non-Reporting CFI on the basis it has a “local client base”**. The credit union is not required to register with the IRS and obtain a GIIN but will need to report to the CRA on US resident accounts with an aggregate balance greater than $50,000 US.

**Facts that support the classification:**

1. At least 98% of the credit union’s financial accounts, by value, are held by residents of Canada. A review of the accounts of the credit union indicates that less than 2% of the value of deposits have members with an address outside of Canada.
2. The following criteria required it met:
	1. The credit union’s business primarily consists of receiving deposits from and making loans to members and that no member has a greater than 5% interest in the credit union.
	2. The credit union is licensed in the province of Ontario as an Ontario regulated credit union.
	3. The credit union does not have a fixed place of business outside of Canada.
	4. The credit union does not solicit members outside of Canada nor does it advertise that is provides accounts to non-residents.
		1. The credit union’s website does not indicate that accounts or services are provided to non-residents of Canada; and
		2. The credit union’s print/radio/TV advertising does not specifically indicate that accounts/services are provided to non-residents of Canada.
	5. The credit union is required to identify Canadian resident account holders for tax purposes and is a reporting entity under PCMLTFA and related regulations.
	6. The credit union does not actively assist U.S. persons to avoid reporting obligations.
	7. The credit union is not part of an expanded affiliated group.

**Role of the credit union**

The credit union when a new account is opened obtains information to identify the residency status of the member. The credit union will report reportable financial accounts of persons that reside in the U.S. to the CRA annually that exceed the reporting threshold.

**Certification**

I certify that the credit union meets the criteria under the definition of a Non-Reporting CFI with a local client base and thus qualifies as a Registered Deemed Compliant Foreign Financial Institution under the provisions of section III of Annex II Non-Reporting Canadian Financial Institution and Products of the Agreement Between the Government of the United States of America and the Government of Canada to improve international tax compliance through enhanced exchange of information under the Convention Between the United States of America and Canada with Respect to Taxes on Income and on Capital.

Signed at Ajax, Ontario on this 31st day of December 2022.

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Thomas Dimson, Chief Executive Officer