



FINANCIAL INTELLIGENCE UNIT

Clarification on the De-risking Issue and FATCA Intergovernmental Agreements (IGAs)

The Financial Intelligence Unit is aware that statements have been made in some arenas suggesting that Belize's experience with the de-risking issue may be linked to its decision to not sign an Intergovernmental Agreement (IGA) with the Government of the United States in relation to the Foreign Account Tax Compliance Act (FATCA). This conjecture is completely baseless. For context, please note the following.

FATCA is a United States federal law which was designed to enable foreign financial institutions (FFIs) to report certain financial activities of US nationals to its Internal Revenue Service. It was originally designed as an agreement directly between the United States government and these foreign financial institutions. When it became apparent that institutions from certain jurisdictions could not readily participate in the program due to barriers in domestic legislation, a solution was found in 'Intergovernmental Agreements' (IGAs) which provided the legal basis for cooperation. That allowed for a variation of FATCA models, which now include Models 1 & 2 IGAs and direct agreements with Foreign Financial Institutions (FFI agreements).

There is absolutely no requirement that a jurisdiction sign an Intergovernmental Agreement (IGA) with the Government of the United States to be FATCA compliant, once local financial institutions are legally able to do so. The United States Department of the Treasury affirmed the same to delegates attending the U.S. Central America-Public Private Dialogue on De-risking 2016 held in Washington, DC on November 29, 2016.

Belize's financial institutions are all FATCA compliant and maintain the full support of the Government of Belize on this front. Moreover, Belize has signed the Multilateral Convention for the Mutual Exchange of Tax Information allowing it to be compliant with the Common Reporting Standards (CRS). Furthermore, Belize is presently in the process of developing a comprehensive National Risk Assessment, as recommended by the Financial Action Task Force (the FATF). Belize remains a jurisdiction which is committed to the international fight against money laundering, terrorist financing, tax evasion, corruption and the proliferation of weapons.

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