
The Parliament of the Commonwealth of Australia
Joint Standing Committee on Treaties

Report 140

Treaty tabled on 13 May 2014

Agreement between the Government of Australia and the Government of the
United States of America to Improve International Tax Compliance and
Implement FATCA – Interim Report

June 2014
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This Interim Report details the Joint Standing Committee on Treaties' recommendation in relation to its inquiry into the *Agreement between the Government of Australia and the Government of the United States of America to Improve International Tax Compliance and Implement FATCA*.

The Agreement is an unusual treaty action in that it has been negotiated to assist Australian business in complying with an United States tax law, the Foreign Account Tax Compliance Act, or FATCA.

FATCA comes into effect on 1 July 2014.

To ensure the Agreement and its related legislation are in place by that date, the Treasurer, the Hon Joe Hockey MP, wrote to the Committee to request that the Committee expedite its consideration of the Agreement.

If the 1 July deadline is not met, Australian financial institutions with interests in the United States will be faced with either significant compliance costs associated with FATCA or a withholding tax of 30 per cent on income derived in the United States.

The Committee, despite reservations about the Agreement, appreciates that it makes the best of a less than satisfactory situation.

Accordingly, the Committee supports the *Agreement between the Government of Australia and the Government of the United States of America to Improve International Tax Compliance and Implement FATCA* and recommends that binding treaty action be taken.

The Committee will table a full report of its inquiry into this Agreement in due course.

Recommendation 1

The Treaties Committee supports the *Agreement between the Government of Australia and the Government of the United States of America to Improve International Tax Compliance and Implement FATCA* and recommends that binding treaty action be taken.

Mr Wyatt Roy MP

Committee Chair

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