

**AGREEMENT  
BETWEEN  
THE GOVERNMENT OF CANADA  
AND  
THE GOVERNMENT OF THE UNITED STATES OF AMERICA  
TO IMPROVE INTERNATIONAL TAX COMPLIANCE THROUGH  
ENHANCED EXCHANGE OF INFORMATION UNDER THE CONVENTION  
BETWEEN CANADA AND THE UNITED STATES OF AMERICA  
WITH RESPECT TO TAXES ON INCOME AND ON CAPITAL**

**WHEREAS, THE GOVERNMENT OF CANADA AND THE GOVERNMENT OF THE UNITED STATES OF AMERICA** (each, a “Party” and together, the “Parties”) have a longstanding and close relationship with respect to mutual assistance in tax matters and desire to conclude an agreement to improve international tax compliance by further building on that relationship;

**WHEREAS**, Article XXVII of *the Convention between Canada and the United States of America with Respect to Taxes on Income and on Capital*, done at Washington on 26 September 1980, as amended by the Protocols done on 14 June 1983, 28 March 1984, 17 March 1995, 29 July 1997 and 21 September 2007 (the “Convention”) authorizes the exchange of information for tax purposes, including on an automatic basis;

**WHEREAS**, the United States of America enacted provisions commonly known as the Foreign Account Tax Compliance Act (“FATCA”), which introduce a reporting regime for financial institutions with respect to certain accounts;

**WHEREAS**, the Governments of Canada and the United States of America are supportive of applying the underlying policy goal of FATCA on a reciprocal basis to improve tax compliance;

**WHEREAS**, FATCA has raised a number of issues, including that Canadian financial institutions may not be able to comply with certain aspects of FATCA due to domestic legal impediments;

**WHEREAS**, the Government of the United States of America collects information regarding certain accounts maintained by U.S. financial institutions held by residents of Canada and is committed to exchanging such information with the Government of Canada and pursuing equivalent levels of exchange;

**WHEREAS**, the Parties are committed to working together over the longer term towards achieving common reporting and due diligence standards for financial institutions;