

Russian banks face hidden sanctions

A law designed to crackdown on U.S. tax-dodgers could hit the Russian banking sector. Under the *Foreign Account Tax Compliance Act, FATCA*, banks face a 30% withholding tax on all money from America

Mar 2010: *FATCA* signed into law by **President Obama**.

Act requires foreign banks to report details of accounts held by U.S. taxpayers to **Internal Revenue Service**. *FATCA* also affects U.S. multinational businesses and financial institutions



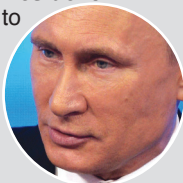
2010



Feb 2014: Canada becomes last G7* country to sign *FATCA* treaty

2014

Mar 21: Russia's **President Putin** signs treaty to annex Crimea



Apr 7: Number of *FATCA*-compliant nations reaches 48, including 23 EU countries, but excluding Russia

Apr 1: Washington suspends *FATCA* talks with Moscow

Apr 23: Russian finance minister **Anton Siluanov** submits emergency bill to State Duma in attempt to save banks from sanctions for not complying with *FATCA*



May 5: Deadline by which Foreign Financial Institutions (FFIs) must register. **Many companies' financial activities are classed as FFIs†**

Jul 1: *FATCA* comes into effect. Russian banks and FFIs face 30% tax on payments of U.S.-sourced income passing through banks in compliant countries

Russian exports to U.S. and EU (2013)

United States: \$26.96bn

European Union: \$235.5bn

*G7 includes Canada, France, Germany, Italy, Japan, UK and U.S.

†Includes transaction financing, hedging, cash pooling, customer credit operations

Sources: Isaac Brock Society, PWC, Kommersant

Pictures: Associated Press

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