

FATCA Agreement signed between the U.S. and Romania



On 28 May the Agreement between the United States of America and Romania ("the Agreement") to improve international tax compliance and to implement the Foreign Account Tax Compliance Act ("FATCA") regime was signed at the Romanian Ministry of Finance.

The Agreement is listed as following the Reciprocal 1A Model Agreement, which involves a reciprocal automatic exchange of information between the tax authorities of the two states, with the reporting information being sent by financial institutions through the relevant tax authority (Agentia Nationala de Administrare Fiscala – ANAF- in Romania).

The main effects of the Agreement are:

- No withholding tax will be applied in the USA on income derived from financial institutions in Romania.
- No withholding tax needs to be applied by Romanian financial institutions on income received by clients who are U.S. residents.
- The exchange of information process has been simplified, as financial institutions no longer need to directly report to the U.S. tax authorities.
- The legislation to apply FATCA has been strengthened and Romanian financial institutions will be considered as compliant for FATCA purposes in the U.S.A.
- Romanian financial institutions will issue their first report containing information related to the financial year 2014 no later than 30 September 2015.

The Agreement will enter into force on the date when the U.S.A receives Romania's written notification sent through diplomatic channels, confirming that Romania has completed its necessary internal procedures for the entry into force of this Agreement. The Agreement must be ratified by law in the Romanian Parliament in order to officially enter into force.

The full text of the Agreement can be found on the United States Treasury website ([Full text of the IGA](#)).

Pentru mai multe informații, vă rugăm să nu ezitați să ne contactați:

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