

Russia Mulls 'Limitations' On Information Exchange With U.S. Under FATCA

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The Russian government may place "limitations" on the amount of information that Russian banks can render to U.S. tax authorities under FATCA, a U.S. federal law intended to crack down on tax avoidance by U.S. citizens, Deputy Finance Minister Alexei Moiseyev said Thursday.

Moiseyev told journalists in St. Petersburg that Russia will not become "tax agents for the Americans, that will not happen under any circumstances," Interfax reported.

"We cannot spell out in the law the cases when you can and cannot [transfer information]. But there must be some limits, in the first place on the quantity of information," Moiseyev said, without further specifying what those limitations might be.

The Foreign Account Tax Compliance Act, or FATCA, threatens all banks worldwide with penalties if they fail to share information on American account holders with the U.S. Internal

Revenues Service, or IRS. It also requires the banks to withhold 30 percent on certain payments if an account holder is deemed to be a tax avoider.

The U.S. in April quit negotiations with Russia over FATCA as part of a freeze on political cooperation following Russia's annexation of Crimea in March, leaving the Russian government scrambling to adapt its laws to the legislation by July 1, when FATCA comes into force. Current Russian law does not allow Russian banks to comply with FATCA.

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