

FATCA Threatens Russia's Financial System, Official Says

By [The Moscow Times](#)

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FATCA is a threat to Russia's financial system.

FATCA, the U.S.'s global tax avoidance law, is a threat to Russia's financial system, the head of Russia's money laundering watchdog said Thursday, in the latest outburst from a Russian official against Washington's unilateral application of its own laws beyond its borders.

FATCA, which went into force in July, requires foreign banks to pass information on the accounts of U.S. taxpayers to the U.S. tax service, the IRS, and withhold money on the IRS's behalf. Shirkers face financial penalties on their U.S.-based income.

"In effect our financial institutions will become tax agents, tax informants for the U.S. economy," Yury Chikhanchin, chief of Rosfinmonitoring, was quoted as saying by news agency RIA Novosti. "Similar systems are beginning to come online in other countries, and they undoubtably present a serious risk to our economy."

In substance, FATCA is a sanction, he said, adding that such mechanisms would only be acceptable if they were multilateral.

After FATCA was passed in 2010, the U.S. negotiated bilateral information-sharing agreements with many countries to ease compliance with the legislation. Talks with Moscow collapsed soon after Russia annexed Crimea from Ukraine in March, forcing Russian lawmakers to fast-track amendments to Russian law through parliament to allow Russian banks to comply with FATCA and avoid penalties.

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