

UNITED STATES FATCA RULES AND MACKENZIE INVESTMENTS

Mackenzie Tax & Estate Planning

The Foreign Account Tax Compliance Act (“FATCA”) was introduced in the United States in March 2010. The purpose of FATCA is to increase transparency with respect to US persons who invest in accounts held outside of the United States. The United States has proposed that all financial institutions around the world apply the FATCA rules to any investor who is classified as a “US person”. This would include Mackenzie Investments and our valued investor clients.

Subsequently, on February 5, 2014, Canada and the United States signed an Intergovernmental Agreement (“IGA”) that modifies the obligations of Canadian financial institutions under FATCA. Under this agreement, Canada and the US further clarified the reporting requirements. Under the IGA, Canada requires all Canadian financial institutions to provide information about US account owners and to provide that information to the Canada Revenue Agency (“CRA”). This reporting will be made annually to the CRA, and will be part of an automatic exchange of information between the CRA and the United States Internal Revenue Service (“IRS”). Finance Canada released legislation to implement the Canada-US IGA in Bill C-31 on March 28, 2014. The legislation became law on June 19, 2014.

Provided Mackenzie Investments complies with the IGA, there will be no withholding on payments from US payors of US source income.

One size doesn't fit all

Simply stated, Canadian entities such as banks, broker/dealers, insurance companies, hedge funds, securitization vehicles and mutual funds will be considered a Canadian financial institution ("Canadian FI").

FATCA Implementation Date

Implementation of the FATCA rules in Canada begins July 1, 2014. May 2, 2015 is the date that Canadian FIs begin a staged reporting of US citizen and US resident accounts to the CRA, who in turn will provide the information to the IRS.

Impact of FATCA on Mackenzie Investments clients

In general, clients who are identified on the revised account opening documentation as a "US person" will be affected by the FATCA reporting rules. For FATCA purposes, a "US person" is defined as:

- a) a US citizen (including an individual born in the US but resident in Canada or any other country, if that US citizenship has not been renounced) or a US resident individual
- b) a partnership or corporation organized in or under the laws of the US
- c) a trust if under the authority of a US Court or controlled by one or more US persons
- d) an estate of a deceased individual who was a US citizen or US resident

What impact will the reporting have on Mackenzie Investments clients?

Mackenzie Investments is committed to maintaining accurate, confidential and secure personal information for all of our clients as dictated by the Privacy Act in Canada. For any US reportable accounts, which include specified US persons as well as passive non-financial foreign entities ("NFFE") controlled by one or more US citizens or US residents, the IGA and Canadian proposed implementing legislation regarding FATCA will require Mackenzie Investments to report to the CRA, not the IRS, certain information as listed below. The IGA exempts certain pension plans and registered accounts from the reporting. The accounts exempted include:

- a) Registered Retirement Savings Plans (RRSPs)
- b) Registered Retirement Income Funds (RRIFs)
- c) Registered Pension Plans (RPPs)
- d) Pooled Registered Pension Plans (PRPPs)
- e) Tax-Free Savings Accounts (TFSA's)
- f) Registered Disability Savings Plans (RDSPs)
- g) Registered Education Savings Plans (RESPs)
- h) Deferred Profit Sharing Plans (DPSPs)

Therefore US person clients investing with Mackenzie Investments only in the above-mentioned accounts will not be affected by the FATCA reporting.

What will be reported under the IGA

As Mackenzie Investments is a Canadian FI it must comply with the verification and due diligence procedures in the IGA where applicable, and provide annual reporting on any on reportable accounts. Mackenzie Investments or dealer companies who use Mackenzie accounts, must report the following information to the CRA:

- a) Name, address and Taxpayer Identification Number ("TIN") – which is equivalent to a Social Insurance Number in Canada – for each account holder. In the case of Passive NFFEs with one or more controlling persons that are US persons, the controlling persons are also reportable. (Reporting beginning in 2014)
- b) Account Number (Beginning in 2014)
- c) Account balance or value at the end of the year (Beginning in 2014)
- d) Gross dividends, interest and other income paid or credited to the account during the year (Beginning in 2015)
- e) Gross proceeds from the sale or redemption of property paid or credited to the account during the year (Beginning in 2016)

Effect on Mackenzie Clients Who Do Not Confirm or Deny a US Identity

Mackenzie Investments and other FIs must comply with the FATCA and IGA requirements to the best of their ability and knowledge. Under the IGA, Mackenzie Investments clients who do not complete the FATCA identification questions upon account opening or review in order to assist in reporting must be included in the reporting to the CRA, even if the account holder is not a U.S. person.

US Status – What FATCA Rules Look For Individual Clients

There are indicators (the US defines these as "indicia") of US status. Please note, that most of these indicators may only signal that Mackenzie Investments or, the financial advisor dealer's office must look further into the account to ascertain US identity. The indicators are:

- 1) US citizenship or US residency
- 2) US birthplace (birth certificate or passport)
- 3) US residence address or correspondence address (including a US Post Office Box Number)
- 4) US telephone number
- 5) Standing instructions to transfer funds to an account maintained in the US
- 6) A Power of Attorney or signing authority granted to a person who has a US address

Other Entities

As mentioned previously, a US reportable account (as defined in the IGA) included a passive non-financial foreign entity (Canadian holding company, trust, etc.) controlled by a US person or US resident.

For temporary residents of the US (Snowbirds or students in a US University), although there may be US indicators as above, provided clients provide Mackenzie Investments or, the financial advisor dealer's office with information to disprove US person status they are not reported.

Entity Accounts (Corporations, Trusts, etc.)

A Canadian FI is required to look for a US place of incorporation or organization; a US address, or certain Canadian entities that are controlled by US persons. This information is required for new accounts and certain existing accounts.

Documentation Required by Mackenzie Investments for Identified Accounts

Client-name Mackenzie Investments accounts identified by one or more of the indicators above will be required to provide the following:

Indicator of US Persons	Documentation Required
US citizenship or US residency	Self-certification showing that the account holder is a US citizen or US resident for tax purposes along with a US TIN
US birthplace	If not a US Person: (1) Self-certification showing the account holder is not a US citizen or US resident (which may be on the Form W-8 or other similar agreed form) AND (2) Non-US passport or any similar documentation that would establish non-US citizenship AND (3) a copy of the account holder's Certificate of Loss of Nationality of the United States or a reasonable explanation of why the account holder does not have such a certificate or why the account holder did not obtain US citizenship at birth
US address as in 3) above	If not a US Person: Self-certification showing the account holder is not a US citizen or US resident (which may be on the Form W-8 or other similar agreed form) AND documentary evidence such as valid government issued identification that establishes the account holders' non-US status
US telephone number	If not a US Person: Self-certification showing the account holder is not a US citizen or US resident (which may be on the Form W-8 or other similar agreed form) AND documentary evidence such as valid government issued identification that establishes the account holders' non-US status
Instructions to transfer funds to a US account	If not a US Person: Self-certification showing the account holder is not a US citizen or US resident (which may be on the Form W-8 or other similar agreed form) AND documentary evidence such as valid government issued identification that establishes the account holders' non-US status
"In Care Of" or "Hold Mail" to a US address	If not a US Person: Self-certification showing the account holder is not a US citizen or US resident (which may be on the Form W-8 or other similar agreed form) OR documentary evidence such as valid government issued identification that establishes the account holders' non-US status
Power of Attorney or signing authority for a person with a US address	If not a US Person: Self-certification showing the account holder is not a US citizen or US resident (which may be on the Form W-8 or other similar agreed form) OR documentary evidence such as valid government issued identification that establishes the account holders' non-US status

Where can I find more information about FATCA reporting?

For more information, please contact your Financial Advisor, the Canada Revenue Agency (www.cra-arc.gc.ca) or the IRS website relating to FATCA (www.irs.gov/Businesses/Corporations/Foreign-Account-Tax-Compliance-Act-FATCA).

The information provided is general in nature and is provided with the understanding that it may not be relied upon, nor considered to be, the rendering of tax, legal, accounting or professional advice.

Readers should consult with their own accountants and/or lawyers for advice on the specific circumstances before taking any action.

GENERAL INQUIRIES

For all of your general inquiries and account information please call:

ENGLISH	1-800-387-0614 416-922-3217
BILINGUAL	1-800-387-0615
ASIAN INVESTOR SERVICES	1-888-465-1668
TTY	1-855-325-7030 416-922-4186
FAX	1-866-766-6623 416-922-5660
E-MAIL	service@mackenzieinvestments.com
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Find fund and account information online through Mackenzie Investments' secure InvestorAccess. Visit mackenzieinvestments.com for more information.