



**To the members of the
European Federation of Building Societies**

Brussels, 29 October 2012

Bilateral agreement between the government of the United Kingdom of Great Britain and the United States of America implementing FATCA;

Letter of the Verband der Privaten Bausparkassen to the Bundesfinanzministerium (German Department of Treasury) of 16 October 2012

Dear member,

In reference to the discussions held in the Legal Committee of the EFBS on 25 October 2012, please find enclosed the bilateral agreement of the government of the United Kingdom of Great Britain and the United States of America implementing FATCA and the letter of the Verband der Privaten Bausparkassen to the German Bundesfinanzministerium of 16 October 2012. By means of this letter it was pointed out that the Bausparkassen should not be subject to reporting and that the Bauspar loan agreement shall be classified as a product exempted from the FATCA-obligations.

In the bilateral agreement implementing FATCA and signed by the United Kingdom of Great Britain, "Building Societies" are excluded generally in annex 2 2. B 2 as so called "deemed compliant institutions" from the reporting obligations. Yet, the exemption applies to Building Societies only if they have no fixed place of business outside the United Kingdom and no related entity is incorporated or organized outside the United Kingdom (annex II B 2 i) and annex II B 2 b)).

An analogous transposition of the provisions to Bausparkassen in the bilateral agreement with Germany would be especially detrimental for Bausparkassen in Germany who run places of business or an associated company abroad.

Therefore, the Association has advocated the possibility for Bausparkassen, analogously to the British example, to adopt Bauspar loan agreements as exempted products in the respective catalogue (annex II 3 B).

The German Bundesfinanzministerium had confirmed in advance to take account of the concerns of the Bausparkassen in the bilateral agreement with the United States of America.

For further questions, please do not hesitate to contact us.

Yours sincerely,



Andreas J. Zehnder
Managing Director
European Federation of Building Societies

Annex

- Letter of the Verband der Privaten Bausparkassen to the German Bundesfinanzministerium
- Bilateral agreement GB-USA on FATCA