

AFRICAN BANKING CORPORATION
FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA)



FREQUENTLY ASKED QUESTIONS (FAQs)

1) What is FATCA?

FATCA is an acronym for “Foreign Account Tax Compliance Act”. It is a law introduced by the United States (US) Department of Treasury and Internal Revenue Service (IRS).

2) What is the intention of FATCA?

FATCA is intended to encourage better tax compliance by preventing US persons from using banks and other financial institutions to avoid or evade US taxation.

FATCA requires all Foreign Financial Institutions (FFIs), i.e., financial institutions incorporated outside of the US, to identify and report to the IRS information about financial accounts held by US taxpayers, or by foreign entities in which US taxpayers hold substantial ownership interest.

3) What is the impact of FATCA?

FATCA affects personal and corporate customers who are ‘US persons’ for US tax purposes. FATCA also affects businesses with ‘US persons’.

Annually, FFIs are required to report information on financial accounts (e.g. current accounts, savings accounts, deposit accounts, custodial accounts, certain insurance policies and interests in investment funds) held directly or indirectly by US persons.

ABC Bank has made a commitment to being fully FATCA compliant in all countries where we operate. We will therefore be reviewing our existing customer base to confirm our customers’ FATCA status and where necessary contact our customers for further information/documentation.

4) Who is a US Person?

A US person is determined by the following indicators:

- a) US citizenship – including an individual born in the US but resident in another country and a dual citizen of the US and another country
- b) US residence – a person residing in the US, including US Green Card holders
- c) US presence – a person who spends a significant number of days in the US each year
- d) US incorporation/registration – a US corporation, partnerships, estate and trust
- e) US address – a person with a US address – either residential, correspondence (i.e. US P.O box), in care of or hold mail address or both
- f) US telephone – a person with US telephone number
- g) Standing/repeat payment instructions to a US address or an account in the US
- h) Current Power of Attorney or signatory authority granted to a person with a US address
- i) A business entity with shareholding of 10% or more controlled by one or more US persons.

***Note:** Having any of the above indicators doesn’t mean that the account is owned by a US customer. It only means that further due diligence is necessary which calls for information/documentation.*

5) What has ABC Bank done to date in compliance with FATCA?

ABC Bank has registered with IRS as a Participating Foreign Financial Institution (PFFI) and has been allocated a Global Intermediary Identification Number (GIIN).

6) Why was it necessary for ABC Bank to register with the IRS?

Where an FFI does not enter into an agreement with IRS, all relevant US-sourced payments made by US corporations will be subject to a 30% withholding tax. The same 30% withholding tax will also apply to gross sale proceeds from the sale of relevant US property. All FFIs must comply with FATCA or be subject to the 30% withholding tax.

7) Why should ABC Bank comply with an American law?

ABC Bank has correspondent banking relationships that support settlement of payments in USD. Noncompliant FFIs suffer a competitive disadvantage due to the application of the 30% withholding tax. Noncompliance with FATCA makes it difficult to do business with other compliant financial institutions.

8) When did FATCA become effective?

FATCA became effective from 1 July 2014.

9) Is ABC Bank the only bank affected by FATCA?

No. All FFIs (banks and other financial institutions outside USA) are affected by FATCA.

10) What do FFIs have to do to comply with FATCA?

To comply with FATCA, all FFIs are expected to do the following:

- a) Review new and existing customers to identify those that are reportable under FATCA.
- b) Report to IRS all accounts held directly or indirectly by US persons. In addition, FFIs are required to provide information of customers who do not provide required information/documentation.
- c) In certain circumstances and where customers fail to provide required documentation/information or when doing business with noncompliant entities, FFIs are required to apply 30% US withholding tax on certain US sourced income paid to such customers or noncompliant entities.

11) Is FATCA applicable to Personal or Business customers?

FATCA applies to US Persons who are Personal and Business customers holding bank accounts.

12) What does FATCA mean for me if I am not a US person?

FATCA will have no impact on you if you are not a US person. However, ABC Bank will contact you should your action or confirmation be required to clarify your status and update your information with us.

13) What happens if a joint account is held by a US person and a non-US person?

A joint account with a US person makes the entire account subject to FATCA.

14) What does FATCA mean for me if I am a US person?

If a customer is a US person, they will be requested to supply ABC Bank with additional information/documentation. Further, the Bank is required to report information on the customer and their account(s) to the IRS annually. If a customer doesn't provide required information, the Bank is required to classify such a customer as an uncooperative account holder and apply 30% withholding tax on certain US-source payments coming into the uncooperative customer's account.

15) Will withholding tax under FATCA affect me if someone sends me money from the US?

If a recipient of a remittance from the US has not been classified as an uncooperative account holder, withholding tax will not apply. Additionally, money transfers into and income earned in favor of accounts of US persons may be subject to FATCA reporting and/or withholding tax requirements where applicable.

16) If am a US person, how frequently will I have to provide information for FATCA purposes?

Provide information as often as your account information changes. We may also contact you to obtain additional information so that we are able to update your account classification under FATCA.

Note: If your status changes from a non US Person to that of a US person and vice versa, you will be required to update the Bank with your most current status/details as and when the change occurs.

17) What information will ABC Bank report to the IRS on accounts of US persons?

The information reported to the IRS will include: name, address, US Taxpayer Identification Number (TIN), account number, account balance/value. The information will be reported by 31st March every year.

18) Why has my other bank asked for different documentation from ABC Bank?

The way financial institutions collect information from their customers in order to confirm their FATCA status may vary. This may mean that you are asked for different documentation from different banks.

Note: ABC Bank cannot offer advice on your FATCA tax status or classification. If you need further support, please visit the IRS website or contact a professional tax advisor.

19) What information/documentation am I required to send to ABC Bank?

US persons will be required to complete certain forms (either Form W-8 or W-9) to provide information required by the IRS depending on their tax status.

SN	Link to the IRS Form	Link to IRS Instructions
a)	IRS Form W-9	Instructions – IRS Form W-9
b)	IRS Form W-8BEN	Instructions – IRS Form W-8BEN
c)	IRS Form W-8BEN-E	Instructions – IRS Form W-8BEN-E

20) Will ABC Bank supply me with all the forms I need to complete?

If ABC Bank requires information from existing customers who are US persons, the Bank will send them the relevant forms or direct them to a website where the forms can be downloaded. For new customers who are US persons, the Bank will request for the information at the account opening stage.

21) When do I have to provide the requested information and/or documentation for FATCA?

Existing customers who are US persons should provide the requested documentation/information by the date contained in the communication sent by the Bank and at account opening for new US customers.

22) What will ABC Bank do if I do not provide the information required under FATCA?

ABC Bank is committed to be fully compliant with FATCA. We are required to report information about customers who do not provide the required documentation to the IRS as uncooperative account holders.

In addition, ABC Bank will be required to withhold 30% tax on US-source payments coming into all uncooperative customers' accounts i.e., income and/or proceeds derived from US source capital, e.g., dividends, interest, salaries, wages, royalties, annuities, rent or proceeds of sale of properties in the US etc.