

## FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA)

### Frequently Asked Questions

#### 1. *What is FATCA?*

It is a new piece of legislation to help counter tax evasion in the USA. Introduced by the USA the purpose of FATCA is to encourage better tax compliance by preventing US persons from using banks and other financial organisations outside the USA to evade US taxation on their income and assets.

#### 2. *What is the impact of FATCA?*

Banks and other financial organisations will be required to make annual reports of information on financial accounts, e.g current accounts, deposit accounts, savings accounts etc held directly or indirectly by US persons.

#### 3. *How do I know if I am affected?*

FATCA legislation will affect both personal and business customers who are treated as a 'US person' for tax purposes.

Reports will be made for accounts held by:

- A citizen of the USA, including an individual born in the US but resident in another country (who has not given up their US citizenship)
- A person residing in the USA, including Green Card holders
- A person with a US place of birth
- A person with a US address including PO Boxes and C/O
- A person with a US telephone number
- A person who has standing orders to a US address or US account
- A person with a current Power of Attorney or third party with a US address
- Certain persons who spend a significant number of days in the US each year
- US corporations, partnerships, foundations, estates and trusts
- other corporations, partnerships, foundations, estates, trusts, etc., controlled by any of the above

#### 4. *When did the FATCA legislation become effective?*

On 30 June 2014.

#### 5. *What information will be reported to the US authorities?*

The information reported via our local tax authority will be:

- The name, address and Tax Identification Number
- The account number
- The year end balance or closing balance
- and, with effect from year ending 31 December 2015, interest added to the accounts

6. *When will my information be reported?*

The information in question 5 will be reported as at 31 December 2014 by 30 June 2015, then 31 December 2015 by 30 June 2016 and so on, **for customers whose aggregate account balances is equal to or greater than \$50,000.**

7. *Can I close my account prior to the reporting deadline of 31 December 2014?*

Yes you can, subject to any notice periods and maturity dates, but the account information at date of closure (if after 30 June 2014) will still be reported if the criteria are met.

8. *What happens if a joint account is held by a US person and a non US person?*

A joint account which has one US owner is treated as a US account and therefore the entire account is subject to the FATCA legislation.

9. *How can I prove I am no longer a USA citizen/resident?*

You will be asked to complete a 'Self Certification Declaration Form' and provide supporting documentation to show you are no longer a USA citizen or resident.

10. *What do you mean by Self Certification?*

This is a declaration of where you are a citizen and where you are resident for tax purposes. In addition, you confirm that you will inform Skipton if your citizen/resident status changes in the future.

11. *Will I have to self certify each time I open a new account?*

No, provided we already have your self certification on file and your relevant circumstances have not changed.

12. *Will I be affected if I am temporarily based in the USA?*

That will depend on your individual circumstances and we would therefore suggest you speak to the IRS or your personal tax adviser, as every case will be different.

***DISCLAIMER: These FAQ's have been written under prevailing law at the time they are written and that law may be subject to change. These FAQ's do not constitute tax advice. We recommend you take independent advice from your own tax advisers in the USA, Guernsey and any other relevant jurisdiction, for example where you are resident for tax purposes.***