



## **Foreign Account Tax Compliance Act (FATCA)**

### **What is FATCA?**

FATCA stands for the Foreign Account Tax Compliance Act. This legislation was introduced by the United States Department of Treasury and the US Internal Revenue Service (IRS), the purpose of FATCA is to encourage better tax compliance by preventing US persons from using banks and other financial institutions for tax evasion.

### **When the FATCA legislation become effective in PAKISTAN?**

In Pakistan, FATCA compliance is effective from 1<sup>st</sup> July 2014 for personal accounts and from 1<sup>st</sup> Jan 2015 business accounts.

### **Why BOP needs to comply with FATCA legislation?**

State Bank of Pakistan (SBP) vide BPRD Circular Letter No. 16 of 2014 dated: April 30, 2014 has advised all Financial Institutions to complete the registration process with the IRS as a **Participating Foreign Financial Institution (PFFI)** to avoid negative repercussions of non-compliance with FATCA regulations.

<b>FATCA Status of BOP:</b>	Participating Foreign Financial Institution
<b>Global Intermediary Identification Number:</b>	6MY49A.99999.SL.586

### **When FATCA reporting is due?**

In Pakistan, on an annual basis, Reporting Financial Institutions (RFIs) are required to report the requisite information on financial accounts (Personal & Business) held directly or indirectly by US persons to the IRS-USA by 31<sup>st</sup> March of each year or as per notification by SBP.

### **How a customer's relationship is affected with the Bank?**

FATCA legislation affects the customers who are treated as a US person for US tax purposes. Pre-existing (reportable) accounts are also required to complete applicable FATCA form.



**Who is a “PRE-EXISTING Account” holder?**

Individual/Joint/Sole Proprietorship/Single Member Private Limited Company Account holders that became customers of the bank before July 1, 2014 & Business/entity that became customer of the bank before January 1, 2015.

**How to determine if I am a US Person?**

The term 'US person' includes the following (but is not limited to):

**U.S. Indicia for Individuals:**

- U.S. citizenship or lawful permanent resident
- U.S. birth place
- U.S. address (residence, correspondence/mailing, or P.O. Box)
- U.S. telephone number
- Standing instructions to transfer funds to account maintained in the U.S.
- Only address on file is “in care of” or “hold mail” or U.S. P.O. Box
- Power of attorney or signatory authority granted to person with U.S. address

**U.S. Indicia: Corporate/Entities:**

- Place of incorporation or organized in the U.S.
- Listed on U.S. Stock exchange.
- U.S. mailing/business/registered mailing address.
- Telephone number for the entity in U.S.
- An offshore obligation, standing instructions to pay amounts to U.S. address or U.S. based account.
- Power of attorney or signatory authority granted to a person with U.S. address.
- A “hold mail” address that is the sole address provided for the entity.

**U.S. Indicia: Substantial Owner:**

- Shareholder/trustee/partner/director is a U.S. citizen or lawful permanent resident.
- Place of birth of shareholder/trustee/partner/director is in U.S.
- Shareholder/trustee/partner/director has a U.S. address or U.S. phone number.

For assistance in determining the status as US person, the customer may seek professional tax or legal advice. Neither the Bank nor any of its employees are able to assist in these matters.



**What documentation must an FFI collect if it has an account with indicia of U.S. Status?**

If you are considered a US person, you may be asked to provide relevant IRS W-Series form, with additional information or documentation. W-Series forms also available on the link: <https://www.irs.gov/forms-instructions>

**How does FATCA effect the Non-US Person?**

FATCA has no impact on the Non-US person neither such accounts are reportable to IRS.

**What is a Social Security Number (SSN)?**

A Social Security number is a nine-digit number that is given to U.S. persons and to people living in the U.S.

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

For a joint account that is held by a reportable person and non-reportable person, the entire account is treated as a reportable account. Reportable information relating to the account and the reportable person will be submitted to the IRS in accordance with local legislation.

**Where more information can be found on FATCA?**

For more information regarding FATCA, please visit an official website of the United States Government <https://www.irs.gov/> or contact your tax advisor.

