



# FATCA

## Foreign Account Tax Compliance Act

### **This module explains**

- FATCA Recap
- FFIs & FFI Agreement
- New requirements for company-proposed policies
- Impact on Life Companies / Advisers
- Changes to ePOS and paper applications

# Recap of FATCA

- FATCA aims to identify US citizens (including those not resident in the US) and U.S. tax residents that are potentially avoiding paying tax by holding offshore investments.
- FATCA requires foreign financial institutions (FFIs),
  - To provide information to the US Internal Revenue Service (IRS) on their US accountholders or accounts that are held by foreign entities in which a US tax payer holds a substantial ownership interest.
  - In Ireland, FFI report to Revenue who then report to the IRS
- The wide definition of FFIs includes
  - Banks
  - Life Assurance Companies
  - Investment funds
  - Hedge funds
  - Private Equity Funds
- Should a FFI fail to meet the disclosure obligations or refuse to produce the information, the IRS can sanction them by imposing a 30% tax on certain payments made to a FFI

# What is an FFI?

An FFI is a foreign financial institution, which is any non-U.S. entity that:

- Accepts deposits in the ordinary course of banking or similar business
- As a substantial portion of its business, holds financial assets for the account of others
- Is engaged (or holding itself out as being engaged) primarily in the business of investing, reinvesting, or trading in securities, partnership interests, commodities, or any interest in such securities, partnership interests, or commodities.
- Generally non-U.S. entities such as banks, broker/dealers, insurance companies, hedge funds, securitization vehicles, and private equity funds will be considered FFIs.

# Foreign Financial Institution Agreement

FFI's that enter into an agreement with the IRS will need to capture and report the following information on their U.S. customers:

- Name & address
- Taxpayer Identification Number (TIN) of each account holder who is a specified United States person and, in the case of any account holder which is a United States owned foreign entity, the name, address, and TIN of each substantial United States owner of such entity
- The account number (in the case of Irish Life, it will be policy number)
- The account balance or value at year end; Gross dividends, interest and other income paid or credited to the account (in the case of a policy, it will be policy value)

# Current Requirements for Individuals

Currently, if a plan is owned by an individual, the following information must be captured if the client is a US Citizen or a US resident:

- Is the customer resident for tax purposes in the United states or a US Citizen?
- If yes, the Tax Identification Number is required
- These questions have been asked on ePOS and paper applications since 1<sup>st</sup> July 2014

# New Requirements For company-proposed policies

For company-proposed plans, (a company in which a US tax payer holds a substantial ownership interest), it is now required to capture the following information:

- For plans owned by a company, additional details will be required – e.g. type of company (actively trading company, financial institution, etc.)
- Plans issued in trust are considered entities for FATCA reporting
- A Global Intermediary Identification Number (GIIN) will be required if available – FFI FATCA registration no
- Confirmation whether the entity is a US resident for tax purposes
- TIN if resident in the US
- Controlling persons' details if resident for tax purposes
- **Epos will prompt brokers when these requirements are needed.**

# New requirements for company-proposed plans with trustees

If a company owned plan's trustee is a US Citizen or a US Resident, there will be further requirements needed before the plan is issued.

The following requirements will need to be submitted;

- Country of birth
- Country of nationality
- Confirm if entity is a US tax resident or US citizen
- TIN if U.S. tax resident or U.S. citizen

**Epos will prompt brokers when these requirements are needed**

# How does FATCA impact Advisors?

For company owned plans with controlling persons (beneficial owner) , the following details for each of the controlling persons will need to be submitted:

- Name
- Address
- US tax payer reference

**Epos will prompt brokers when these requirements are needed**



# Company owned plans - New field on Epos?

The following new requirement fields have been added to Epos:

- Type of Company
- GIIN Number (FFI FATCA Registration no)
- FATCA Question  
(Is Entity US resident?)
- TIN
- Controlling Persons

Title	* <input type="text"/>
	<span>This field is required</span>
First name	* <input type="text"/>
Last name	* <input type="text"/>
Date of birth	* <input type="text"/>
Home phone number	<input type="text"/>
Mobile phone number	<input type="text"/>
Email address	<input type="text"/>
How would you like to receive your plan communications from us? (e.g. welcome pack, letters and regular statements)	* <input type="radio"/> Online@Irishlife.ie <input type="radio"/> by paper post
Address of policy owner	* <input type="text"/>
Address line 2	<input type="text"/>
Address line 3	<input type="text"/>
County	* <input type="text"/>
Data consent	* <input type="radio"/> Yes <input type="radio"/> No
Country of Birth	* <input type="text"/>
Country of nationality	* <input type="text"/>
Are you resident in the U.S. for tax purposes or are you a U.S. citizen?	* <input type="radio"/> Yes <input type="radio"/> No
Taxpayer Identification Number	<input type="text"/>

# Company owned plans – Trustee details - Epos

The following new requirement fields have been added to Epos:

- Country of birth
- Country of Nationality
- FATCA Question  
(US Tax Resident or US Citizen)
- TIN Number field

The screenshot displays the 'Trustee Details' form with the following fields and requirements:

- Please indicate the type of trust required**: A dropdown menu with a red border and the text 'This field is required' below it.
- Title of appointer**: A dropdown menu.
- First name of appointer**: A text input field.
- Last name of appointer**: A text input field.
- Address line 1 of appointer**: A text input field.
- Address line 2**: A text input field.
- Address line 3**: A text input field.
- County**: A dropdown menu.
- Data Consent**: Radio buttons for 'Yes' and 'No'.
- Country of Birth**: A dropdown menu.
- Country of Nationality**: A dropdown menu.
- Are you resident in the U.S. for tax purposes or are you a U.S. citizen?**: Radio buttons for 'Yes' and 'No'.
- Taxpayer Identification Number**: A text input field.

# Summary

- Information will have to be provided on new plans owned by a company in which in which a US tax payer holds a substantial ownership interest
- This legislation applies to **Savings & Investment** products only (not applicable for Pensions or Protection)
- ePOS will automatically prompt the requirements when required. Paper application forms will be available in January 2015