



Terms and Conditions -FATCA-CRS:-

The Central Board of Direct Taxes (CBDT) has notified Rules 114F to 114H, as part of the Income-tax Rules, 1962, which Rules require Indian financial institutions such as the Bank to seek additional personal, tax and beneficial owner information and certain certification and documentation from all our account holders. In relevant cases, information will have to be reported to tax authorities/ appointed agencies. Towards compliance, we may also be required to provide information to any institutions such as withholding agents for the purpose of ensuring appropriate withholding from the account or any proceeds in relation thereto.

Under the Rules, the Bank is required to perform due-diligence procedures in relation to the customer. Depending upon the outcome of such procedures, the Bank may exercise discretion to report information on any given customer to the relevant authorities, notwithstanding the declaration provided by the customer.

Please note that you may receive more than one request for information if you have multiple relationships with KCG Nidhi Ltd.. Therefore, it is important that you respond to our request, even if you believe you have already supplied any previously requested information.

Should there be any change in any information provided by you, please ensure you advise us promptly, i.e., within 30 days.

Instructions – If you have any questions about your tax residency, please contact your tax advisor. If you are a US citizen or resident or green card holder, please include United States in the foreign country information field along with your US Tax Identification Number.

Frequently Asked Questions (FAQs)

1. What is FATCA?

FATCA is an acronym for the United States (US) Foreign Account Tax Compliance Act (FATCA). FATCA requires financial institutions (FIs) to identify their US accounts and report them periodically to the U.S IRS (Internal Revenue Service) or appropriate governmental authority, in case of Inter-Governmental Agreement (IGA). Non-compliance is likely to result in adverse consequences, including a penal US withholding tax, for non-US entities or penalties under the local inter-governmental agreements or local rules and regulations

On 9 July 2015, India has signed the IGA with the US based on FATCA Model 1 IGA. The date of entry into force of the IGA was 31 August 2015.

2. What is CRS?

Common Reporting standard (CRS) is a global level, uniform standard for automatic exchange of financial account information. It is an initiative of G-20 countries and Organisation for Economic Cooperation and Development (OECD) and is similar to FATCA. Under this standard, jurisdictions would obtain financial information from their financial institutions and exchange that information with other jurisdictions on an automatic annual basis.

On 3 June 2015, India also signed the Multilateral Competent Authority Agreement (MCAA) for CRS.

Section 285BA of the Income Tax Act, 1961 (substituted by Finance (No.2) Act 2014 w.e.f. 01 April 2015) enables the relevant reporting by Indian financial institutions. Rules 114F to 114H have been released by Central Board of Direct Taxes through notification dated 7 August 2015, as part of the Income-tax Rules, 1962, to address the procedural requirements of FATCA and CRS reporting regimes.

3. What is an Intergovernmental Agreement or IGA?

An Intergovernmental Agreement (IGA) is a bilateral agreement between a country's government and the U.S. government that facilitates compliance with FATCA. The model agreements enable FFIs in the designated jurisdictions to comply with FATCA, especially where privacy laws exist.

4. What is the purpose of FATCA/CRS?

The purpose of FATCA is to prevent US persons from using banks and other financial institutions outside the USA to park their wealth and avoid US taxation on income generated from such wealth. FATCA obliges such banks and financial institutions to report information about US persons having accounts with them.

Similar to FATCA, the purpose of CRS is to aid automatic exchange of information between bilateral treaty partner countries about account holders/investors maintaining accounts in foreign jurisdictions.

5. Who will be covered in the purview of FATCA & CRS?

FATCA legislation will affect both individual and entity customers who are treated as 'US person' for US tax purposes. The FATCA legislation will also affect certain types of entities with beneficial owners/controlling persons who are tax residents in the US.

With respect to CRS, the coverage would extend to investors/beneficial owners or controlling persons of entities, being tax residents of any of the signatory countries.

An account having any FATCA-CRS indicia like address or telephone number of a country outside India or a U.S. place of birth etc. does not necessarily mean that the account would be reported. However, such accounts would be subjected to closer scrutiny by KCG Nidhi Ltd..

6. Is FATCA/CRS applicable to both personal accounts and business accounts?

FATCA-CRS legislation will affect both personal and business customers who are treated as 'US Person' for US tax purposes and as 'Other reportable persons' in case of other countries.

7. What will be required of KCG Nidhi Ltd. Limited?

The Bank is required to -

- i. Register with the U.S. IRS and obtain Global Intermediary Identification Number (GIIN)
- ii. Register with the Central Board of Direct Taxes (CBDT) and obtain Income Tax Department Reporting Entity Identification Number (ITDREIN)
- iii. Undertake certain identification and due diligence procedures involving new customers
- iv. Fulfil reporting requirements by filing Form 61 B

Therefore, we would be reviewing our existing customer base to confirm our customers' FATCA-CRS status, and where necessary we may contact our customers for further information and documentation.

In addition, the Bank may also need to report information about customers who do not provide the required information.

8. What is the information that is being sought from customers?

The information reported will depend on the classification of the customer under FATCA and CRS. For non-individuals, the primary classification categories under FATCA-CRS are:

- Financial Institution
- Direct Reporting NFE
- Passive NFE
- Active NFE

Customers will be expected to provide details such as

- Country of Tax residence
- Tax Identification Number from such country
- Country of Birth
- Country of Citizenship
- Other details

Additionally, in case of non-individual customers, the above mentioned information of controlling persons who are tax residents outside India will have to be submitted in case of certain entities.

9. Will FATCA/CRS be applicable if the account holder is not a US person/Foreign tax resident?

In general, FATCA-CRS does not apply to persons who are tax residents of India. However, if any one of the indicators mentioned below are found, it is necessary to obtain additional information/documentation to determine if the account holder is a Reportable Person under FATCA-CRS.

- US citizenship
- US/Foreign tax residence
- US place of birth
- US/Foreign address including US/Foreign PO boxes
- US/Foreign telephone number
- Repeating payment instructions to pay amounts to an address or an account maintained outside India (this indicia may not be relevant for KCG Nidhi Ltd.)
- Current Power of Attorney or signatory authority granted to a person with a US/Foreign address
- If 'Care of' or 'Hold mail' address which is the sole address for the account holder (this indicia may not be relevant for KCG Nidhi Ltd.)

10. How frequently will Bank seek information for FATCA/CRS purposes?

Bank will seek such information from every new customer. Since FATCA/CRS is an ongoing process, if there is a change in the account information, KCG Nidhi Ltd. may be required to contact the customer to obtain additional information/documentation so that the Bank is able to update its customer account classification under FATCA/CRS. The Bank is also required to remediate their existing customers on a certain cut-off date (30 June 2014 in case of FATCA & 31 December 2015 in case of CRS).

11. Will accounts held jointly by reportable person and a non-reportable person considered as reportable?

A joint account which has one tax resident of a relevant foreign country reportable owner is treated as a reportable account and therefore the entire account is subject to the FATCA/CRS legislation.

The balance or value to be reported in respect of the Reportable Person is the entire balance or value of the account. The entire balance or value should be attributed to each holder of the account.

For example, where a jointly held account has a balance or value of \$75,000 and account holders are CRS Reportable accounts, then the amount to be attributed to each of the account holder would be \$75,000 individually.

12. What if any customer refuses to provide the requisite information?

In case if a new customer refuses to provide the FATCA/CRS information and documents then he/she may not be allowed to open an account with KCG Nidhi Ltd..

In case of pre-existing account holders, in case the Bank is unable to procure a valid self-certification, it may choose to report the account holder based on the indicia discovered.

If neither of these procedures successfully establishes the account holder's residence for tax purposes, then RFI must report the account as undocumented account.

13. What customer information is KCG Nidhi Ltd. expected to report to CBDT?

Reporting requirements includes but may not be limited to the following information:

1. Name, address and Tax Identification Number (TIN), date of birth and place of birth of each account holder that is Reportable under FATCA – CRS
2. If the account holder is a Passive Non-Financial Foreign Entity (NFFE), the name, address and TIN, date of birth and place of birth of each substantial beneficial owner of that entity that is a U.S. person/Foreign tax resident
3. Account number
4. Account balance or value

14. What will happen if customer does not provide the requested information?

The Bank will be required to report such customers on the basis of available information.

15. In case of multiple applicants (more than one) opening resident SB account should will the customer be required to attach FACTA-CRS Annexure for all applicants or 1st applicant's details will suffice?

The Bank will need to seek details of all the applicants.

16. Is FATCA-CRS declaration necessary for opening account of existing CIF holder?

Yes, FATCA-CRS declaration is necessary for opening existing CIF holder if already not provided.

17. Do the Bank need to collect FATCA-CRS declaration for mandate holder also? (NR/Resident Indians)

No, FATCA-CRS declaration need not be collected from mandate holders since they are not the account holders.

18. Applicability of FATCA/CRS declaration to Diplomatic Mission/Consulates and their departments

Diplomatic mission/consulates and their departments may be considered as non-reportable accounts considering that these are government entities.

However, KCG Nidhi Ltd. should ensure that the basis of classification, which is either sourced from publicly available information or available in the possession of the Bank, is properly documented.

19. Whether FATCA-CRS declaration is applicable to Government entities?

The Bank may exclude Government entities (which comply all the conditions as per FATCA-CRS rules) provided that the bank staff is available to document in each case the basis of the



classification sourced from publicly available information or information in the Bank's possession.

However, in these cases one should take care of the following:

- If any of these govt. entities is an FI, please verify the GIIN. If GIIN is not available because the FI claims to be exempt/non-reporting or otherwise, suitable self-certification should be taken.
- If it is Non-FI, the Bank will need to have complete clarity that the ultimate ownership of the account belongs to a government.

20. Where can one find list of GIINs for Financial Institutions and download the entire FFI list?

<https://apps.irs.gov/app/fatcaFfiList/flu.jsf>

21. Will FATCA-CRS declaration be sought for Minor account converting into Major?

For converting the account to Major, KCG Nidhi Ltd. may not take FATCA-CRS declaration unless there are changes in any of the India's or changes in the tax residency.

22. If there is addition of joint account holder do we need to take FATCA-CRS declaration?

Yes, addition of joint holder will call for FATCA-CRS declaration.

23. If there is addition of Authorised signatories / Mandate holder, do we need to take FATCA-CRS declaration?

Addition to AUS will not warrant for FATCA-CRS declaration unless such person has a separate account with the Bank.

24. Locker CIF creation will it require FATCA-CRS declaration?

Locker as a product, is out of scope of the impacted products. Hence, there is no need of obtaining a FATCA-CRS declaration for customers having only locker per se.

However, if the account holder has a corresponding liability account, the Bank should ensure that the FATCA-CRS declaration has been taken for that particular Savings/Current account.

25. Will FATCA-CRS declaration be taken from existing NR customer who wants to book NRFD?

Yes, FATCA-CRS declaration is to be taken.

26. Who would sign FATCA-CRS declaration for Minor under guardian account?

Guardian will sign the declaration however the Bank need to profile the Minor and take details of Minor.

27. In case where a Passive NFE has declared that there are 2 Controlling Persons, should it be necessary to show the name of the 2 UBOs in the BO declaration?

Yes, controlling persons are UBOs.

28. Where can one find detailed information on FATCA/CRS?

FATCA and CRS regulations, notices and other related topics are available on the below websites:



IRS website -<https://www.irs.gov/Businesses/Corporations/Foreign-Account-Tax-Compliance-ActFATCA>

OECD website -<http://www.oecd.org/tax/exchangeof-tax-information/>

Income Tax Website –
<http://www.incometaxindia.gov.in/pages/communications/notifications.aspx>

— — —