

Foreign Account Tax Compliance Act (FATCA)

VBT Bank & Trust, Ltd. - October 2013

In seeking to promote financial transparency and fiscal control over their taxpayers, the government of the United States of America aims to strengthen the international exchange of information for tax purposes, relying on tools such as the so-called Foreign Account Tax Compliance Act better known as (FATCA).

What is (FATCA): It is a law passed in March 2010 by the Congress of the United States of America and entered into force on January 1, 2013. This law requires financial institutions outside the United States of America, identify people who have financial assets in their jurisdiction and hold the quality of taxpayer in the United States of America.

Authorized financial institutions outside the United States of America, have signed an agreement by which they assume importance tasks that must be performed starting on April 25, 2014, among which stand out:

- a) Review the accounts opened at the institution in order to identify if the holders are taxpayers in the United States of America.
- b) Report to the IRS certain information relating to accounts belonging to eligible tax residents/citizens of the United States of America.
- c) Apply withholding on certain payments made to persons and other financial institutions that have not complied with the obligations imposed by (FATCA).
- d) Close the accounts of those customers who choose not to cooperate with (FATCA).

We encourage to all our customers, subject to the above standard, to identify the gaps between their current condition and the ideal situation to meet (FATCA) requirements.

You will find more information about (FATCA) in the portal <http://www.irs.gov/Businesses/Corporations/Foreign-Account-Tax-Compliance-Act-%28FATCA%29>