

FATCA Frequently Asked Questions

Please note that FSV Money Pte. Ltd. (QMC) is unable to offer tax advice. For tax related questions please contact your professional tax advisor or refer to the IRS website.

FATCA overview

1. What is FATCA?
2. What is the impact of FATCA?
3. How do I know if I am affected?
4. When will the FATCA legislation become effective?
5. Is QMC the only bank to be affected by FATCA?
6. What does QMC have to do to comply with FATCA?
7. Is FATCA applicable to both personal accounts and business accounts?
8. Am I only affected if I am a citizen of the US?
9. What does FATCA mean for me if I am a US person?
10. What does FATCA mean for me if I am not a US person?
11. Does FATCA replace existing US tax rules that I already follow?
12. What happens if a joint account is held by a US person and a non US person?
13. How frequently will I have to provide information for FATCA purposes?
14. What information will QMC report to my local tax authority or the IRS?
15. What types of information and/or documents can I expect to supply QMC?
16. Will QMC supply me with all the forms required to complete?
17. When do I have to provide the requested information and/or documentation for FATCA?
18. What will QMC do if I do not provide the information required under FATCA?
19. What do I need to do if I am affected by FATCA?

1. What is FATCA?

FATCA stands for the Foreign Account Tax Compliance Act. It is a new piece of legislation to help counter tax evasion in the US. Introduced by the United States Department of Treasury (Treasury) and the US Internal Revenue Service (IRS), the purpose of FATCA is to encourage better tax compliance by preventing US Persons (see glossary) from using Banks and other Financial Organisations to avoid US taxation on their income and assets.

A significant number of countries worldwide are expected to sign Inter-governmental Agreements (IGAs) relating to FATCA compliance with the United States government. These IGAs will result in the FATCA legislation becoming part of these countries' local laws. (Please refer to the glossary for the definition of IGA)

2. What is the impact of FATCA?

On an annual basis, Banks and other Financial Organisations will be required to report information on financial accounts held directly or indirectly by US Persons.

QMC has made a commitment to being fully FATCA compliant in all countries where we operate. We will therefore be reviewing our existing customer base to confirm the FATCA statuses of our customers and where necessary we may have to contact our customers for further information and documentation.

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 US tax purposes. The FATCA legislation will also affect certain types of businesses with US owners.

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

- A citizen of the US, 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 US, including US green card holders
- Certain persons who spend a significant number of days in the US each year
- US Corporations, US Partnerships, US estates and US trusts

Over the next few months we will be reviewing the impact of the legislation for our customers, and will provide further information to affected customers in due course.

For more information regarding FATCA, please visit the IRS [website](#) or contact your tax professional.

4. When will the FATCA legislation become effective?

The FACTA legislation is currently due to become effective from 30 June 2014.

QMC is committed to becoming fully FATCA compliant in all countries where we operate in accordance with the legislative timeline.

5. Is QMC the only company to be affected by FATCA?

No. All Banks and other Financial Organisations will be affected by FATCA, however their approach to adopting FATCA may differ. QMC is committed to becoming fully FATCA compliant in all countries where we operate.

6. What does QMC have to do to comply with FATCA?

To comply with FATCA, QMC will:

- Conduct a review of new and existing customers to identify those that are reportable under FATCA.
- Business customers will be classified according to the FATCA legislation. (For example, as US Persons, Foreign Financial Institutions or Non-Financial Foreign Entities).
- Report information to the IRS or local tax authority on all accounts held directly or indirectly by US Persons. In addition, QMC may also need to report information about customers who do not provide the required documentation to us.
- In certain circumstances and where customers fail to provide the appropriate documentation or when doing business with non-compliant entities, QMC may be required to apply 30% US withholding tax on certain types of US income paid to such customers.

(Please refer to the glossary for the definitions of US Persons, Foreign Financial Institutions, Non-Financial Foreign Entities and Withholding tax)

7. Is FATCA applicable to personal or business customers?

FATCA legislation will impact both personal and business customers who hold an account, policy or agreement with QMC.

8. Am I only affected if I am a citizen of the US?

No. If an individual's account holds any of the following seven criteria, QMC may request further information/documentation to determine if you are a US Person under FATCA.

- US citizenship or US residence
- US place of birth
- US address including US PO boxes

- US telephone number
- Repeating payment instructions to pay amounts to a US address or an account maintained in the US
- Current Power of Attorney or signatory authority granted to a person with a US address
- In Care of or Hold mail address which is the sole address for the account holder

9. What does FATCA mean for me if I am a US Person?

If you are considered a US Person (see glossary), you may be asked to supply QMC with additional information/documentation. You may also wish to visit the IRS website to determine if you need to complete and submit any additional IRS forms.

If you are a specified US Person (see Glossary), QMC will be required to report information about you and your account to the local tax authority or the IRS on an annual basis.

Whilst we will correspond with affected customers in due course, QMC cannot offer any advice relating to FATCA and we recommend you contact a professional tax advisor to discuss your personal tax situation.

10. What does FATCA mean for me if I am not a US Person?

For most customers, FATCA will have minimal impact, and there will be no action required.

However, QMC may still contact you to confirm your status as a non-US person if we have reason to believe you are potentially a US person for FATCA purposes.

11. Does FATCA replace existing US tax rules that I already follow?

FATCA does not replace the existing US tax regimes, it may however add additional requirements and complexity to the existing tax rules you may already follow. We recommend you contact a professional tax advisor to discuss your personal tax situation.

12. What happened 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.

13. How frequently will I have to provide information for FATCA purposes?

FATCA is an on-going process. If your account information changes, we may be required to contact you to obtain additional information so that we are able to update your account classification under FATCA.

14. What information will QMC report to my local tax authority or the IRS?

The information reported to the IRS or to customer's local tax authority will depend on the FATCA classification of the customer. This information will typically be of a personal nature (for example, Name, Address, US Taxpayer Identification Number), and of a financial nature (e.g. Account number, Account balance/Value). We will be communicating with the affected customers in detail on these requirements.

15. What types of information and/or documents can I expect to supply to QMC?

We will be communicating with the affected customers and provide full details of the information/documentation QMC needs for FATCA purposes. Documents may include US tax forms (also referred to as withholding certificates or W forms) or self-declarations of FATCA status.

16. Will QMC supply me with all the forms I need to complete?

Yes. If QMC requires further information from you we will advise you of the required forms or direct you to a website where you can download them.

17. When do I have to provide the requested information and/or documentation for FATCA?

In general, customers should supply the requested documentation and information by the date contained within the communication.

18. What will QMC do if I do not provide the information required under FATCA?

QMC is committed to be fully compliant with FATCA.

QMC may not open new accounts or offer additional products and services to customers who choose not to comply with QMC's requests for documentation to establish a customer's status under FATCA.

In accordance with the FATCA regulations, QMC may exit the relationship with customers who decide not to provide the necessary information and documentation within the regulatory timeframe.

QMC may also need to report information about customers who do not provide the required documentation to us.

In addition, we may also be required to withhold tax on certain US-source payments coming into your account. (Please see the glossary for further information on Withholding tax).

19. **What do I need to do if I am affected by FATCA?**

Over the next few months we will continue to review the impact of the legislation for our customers and will correspond with affected customers in due course. For more information regarding FATCA, please visit the IRS website (see useful links), or contact your professional tax advisor for advice.

Please note that you may receive more than one request for documentation if you have multiple relationships with different members of the QMC. It is important that you respond to all requests, even if you believe you have already supplied the requested information.

Please note that QMC is unable to offer tax advice.

For tax related questions please contact your professional tax advisor or refer to the IRS website.

Glossary

Summary

- Foreign Financial Institution (FFI)
- IRS Forms
- Inter-governmental agreement (IGA)
- Internal Revenue Service (IRS)
- Non-Financial Foreign Entity (NFFE)
- Specified United States Person
- Tax Identification Number (TIN)
- US Person (USP)
- US citizen
- Withholding tax

Foreign Financial Institution (FFI)

FFI is the abbreviation for Foreign Financial Institution. It refers to a non-US Financial Institution. The FATCA legislation contains an extensive definition of FFI and includes entities such as banks, custodian institutions, investment funds and certain types of insurance companies.

IRS Forms

Withholding certificates, also referred to as W-forms, are US IRS tax forms.

Form W-9 is a Request for Taxpayer Identification Number and Certification. This US Tax Form is provided by an account holder to confirm and certify their US status. The W-8 series forms are currently used by foreign persons (including corporations) to certify their non-U.S. status.

The form establishes that one is a non-resident alien or foreign corporation, to avoid or reduce tax withholding from U.S. source income. These forms will permit a non-US customer to self-certify their status under FATCA.

Inter-governmental agreement (IGA)

An IGA is an agreement between the US and specific countries to build FATCA compliance into the country's legal framework so that the country can implement FATCA. An IGA will require financial institutions to provide the information on US accounts which they hold either:

- directly to the IRS
- to the local tax authority of the resident country

Internal Revenue Service (IRS)

The IRS is the United States government agency responsible for tax collection and tax law enforcement.

Non-Financial Foreign Entity (NFFE)

A NFFE (Non-Financial Foreign Entity) is a non-US incorporated/established entity that does not meet the definition of an FFI and includes:

- Listed or privately held operating or trading businesses
- Professional service firms
- Certain entities with a passive (i.e. not an operating/ trading business)
- Charitable organisations

Tax Identification Number (TIN)

A US IRS specific term: Tax Identification Number.

For an individual this would be their US social security number, for an entity their employer identification number.

Specified United States (US) Person

The term specified United States person means any United States person other than:

- A. a corporation the stock of which is regularly traded on one or more established securities markets for a calendar year;
- B. any corporation which is a member of the same expanded affiliated group as a corporation the stock of which is regularly traded on one or more established securities markets for the calendar year;

- C. any organisation exempt from taxation under U.S. federal tax law or an individual retirement plan;
- D. the United States or any wholly owned agency or instrumentality thereof;
- E. any State, the District of Columbia, any U.S. territory, any political subdivision of any of the foregoing, or any wholly owned agency or instrumentality of any one or more of the foregoing;
- F. any bank incorporated and doing business under the laws of the United States (including laws relating to the District of Columbia) or of any state thereof;
- G. any real estate investment trust;
- H. any regulated investment company, or any entity registered with the Securities Exchange Commission under the Investment Company Act of 1940,
- I. any common trust fund;
- J. any trust that is exempt from tax or is deemed a charitable trust;
- K. a dealer in securities, commodities, or derivative financial instruments that is registered as such under the laws of the United States or any State;
- L. a broker, and
- M. any tax exempt trust under a tax exempt or public school annuity plan or governmental plan.

US Person (USP)

The term "United States person" means:

- A citizen or resident of the United States,
- A partnership created or organized in the United States or under the law of the United States or of any State, or the District of Columbia,
- A corporation created or organized in the United States or under the law of the United States or of any State, or the District of Columbia,
- Any estate or trust other than a foreign estate or foreign trust. (See Internal Revenue Code section 7701(a)(31) for the definition of a foreign estate and a foreign trust.),
- A person that meets the substantial presence test, or
- Any other person that is not a foreign person.

US Citizen

The term "United States Citizen" means:

- An individual born in the United States,
- An individual whose parent is a U.S. citizen,
- A former alien who has been naturalized as a U.S. citizen,
- An individual born in Puerto Rico,
- An individual born in Guam, or
- An individual born in the U.S. Virgin Islands.

Withholding tax

A 30% withholding tax applies under FATCA on 'withholdable payments' in respect of financial institutions that do not comply with the FATCA requirements and/ or customers who do not provide the requisite FATCA documentation.

The term withholdable payment means:

Fixed or determinable, annual or periodical (FDAP) income, if such payment is from sources within the US – this will include any payment of interest and dividends. This will apply from 1 July 2014. Any gross proceeds from the sale or other disposition of any property of a type which can produce interest or dividends from sources within the US. This will apply from 1 January 2017. Various exceptions apply, including for income connected with a US business.