

FOREIGN ACCOUNT TAX COMPLIANCE ACT - FATCA FREQUENTLY ASKED QUESTIONS (FAQ'S)

What is FATCA?

FATCA, the Foreign Account Tax Compliance Act is a new legislation enacted by the United States (US) Government since June 2010 to assist in countering tax evasion by US persons who maintain accounts in financial institutions outside of the United States. The ultimate aim is to encourage greater tax compliance by identifying US persons who attempt to avoid US taxation on their income and assets. *The definition of a US person is provided below.*

1. What is the impact of FATCA?

FATCA requires Foreign Financial Institutions (**FFI's**) in countries such as Jamaica to identify and report annually on financial accounts maintained directly or indirectly by US persons to the US Internal Revenue Service (IRS).

2. Why is First Global Bank a part of this regulation?

Financial institutions within Jamaica automatically became participants to this regulatory reporting with the signing of an Inter-Governmental Agreement (IGA) between the United States and the Jamaican Governments in May 2014. FGB is committed to complying with the FATCA reporting requirements, consequently, we are in the process of taking the necessary steps towards ensuring compliance which extends to making contact with our affected clients.

3. What are the implications for FFI's who do not comply?

FFI's who do not agree to enter into a reporting agreement with the IRS will be subject to 30% withholding tax on all US source payments (such as interest, dividends etc.)

4. How will I know if my account is affected?

FATCA regulations impact both FGB's business and personal clients who are identified as US persons for US tax purposes. This also includes businesses in which US persons have been identified as owners/part owners. If you are not classified as a US person, FATCA should not affect you.

5. Who is a US Person?

A U.S. person is identified by indicia which includes (*but not restricted to*) the following:

- A US citizen/passport holder, despite the country of residence as long as the individual has not relinquished their US citizenship

- A US green card holder
- Individuals who spend extended periods of time in the US every year
- US Corporations, Estates or Trusts

To obtain additional FATCA related information on how you may be affected we encourage you to speak with a professional Tax Advisor. You may also visit the IRS website <http://www.irs.gov/FATCA>.



The following additional FAQ's are being provided for INTERNAL USE only complemented by the information above which also appears on the bank's website.

6. What is the criteria used internally to identify US Persons?

- US Place of Birth
- A U.S. residence address or a U.S. mailing address (including a U.S. P.O. box)
- An "in care of" address or a "hold mail" address that is the sole address with respect to the client. This is applicable to:-
 - New accounts opened at July 1, 2014
 - Pre-existing accounts having balances greater than US\$1 million.
- Standing instructions to transfer funds to an account maintained in the United States
- A U.S. telephone number.
- A power of attorney or signatory authority granted to a person with a U.S. address.
- A company incorporated or organized in the U.S.
- US Social Security Number (**SSN**) or Tax Identification Number (**TIN**)
- A company with substantial owners (majority shareholders with more than 10% ownership) who are U.S. persons.

7. If I am a US Person, what do I need to do?

We encourage you to visit your branch where your Customer Service Representative (CSR) will advise you accordingly. This includes completing a W-9 form and providing evidence of your Social Security Number

8. If I am not a US Person, what do I need to do?

We also encourage you to visit your branch where your Customer Service Representative will advise you accordingly. This includes; completing a W8 form which should be presented along with a non-US passport. If you were previously a citizen of the US and relinquished your citizenship, you will be required to complete the W8 form and submit same along with a copy of your Certificate of Loss of US Nationality to the CSR.

9. What if there is someone on my account who is a US person.

The response to #7 applies

10. What if there is someone on my account who is not a US person

The response to #8 applies

11. What if the joint holders on the account are US persons but the funds belong to me

Your account will be treated as a U.S. account, and by this it will be subject to FATCA reporting, regardless of which client funds the account. All US persons on the account will therefore be required to sign the W9 form.

12. Is there an established threshold reporting limit?

The current reporting threshold is ≥US\$50,000 for individuals and ≥US\$250,000(or its equivalent in other currencies)

13. Where can I find more information on FATCA?

Additional information on FATCA is located on the website of the Internal Revenue Service (IRS) Website - <http://www.irs.gov/> (link)

FATCA FAQs – BUSINESS ACCOUNTS

14. What indicia are used to identify a US Company?

A company is considered to be a U.S. Person if there are indicia of U.S. status on First Global Bank's companies' records. The following indicators on a company's profile/ account have been identified as indicia for FATCA which would result in it being classified as a U.S. entity:

- U.S. Place of Incorporation or Organization
- Account holder is a Specified U.S. Person
- Substantial/ beneficial owner(s) for the entity is a U.S. citizen or resident
- SSN or TIN

15. What documents are required if I have any US indicia on my Company Account?

- Form W-9
- TIN of the US Person on the account

16. If I am not a U.S. citizen or residence and I own 100% of a local company that has an account with First Global Bank; will I be subjected to FATCA reporting?

No, your account information will not be reported as you are a not deemed a U.S. person.

17. Who is considered a beneficial /substantial owner under FATCA regulations?

A substantial U.S. owner generally refers to a U.S. person that has 10% shareholding or greater in a company

18. If a US person signs on a company account, will the company account be subject to FATCA reporting?

The company becomes reportable to FATCA if the US person is one of the beneficial/substantial owners

19. What happens if clients refuse to answer FATCA related questions or complete the requisite FATCA forms?

If there are doubts about completion of the requisite forms, clients should be asked to speak with their Tax Advisor. Whenever you are faced with such situations, always escalate same to your Branch Manager/Designate. Unfortunately, in some instances we may not allow our clients to access certain products or services however, this approach will be assessed by your Branch Manager on a case by case basis.

If you have any additional questions regarding FATCA please refer to the Head Office Operations department. FATCA compliance issues may however be referred to Risk & Compliance Department or our in-house legal counsel.