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# FATCA – What Clients Need to Know

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Driven by FATCA requirements, Citi is reaching out to our clients to collect U.S. tax documentation in order determine their FATCA status. Insufficient or incomplete documentation may result in a negative financial and/or reporting impact to clients.

## FATCA Frequently Asked Questions

### What is FATCA?

FATCA stands for the Foreign Account Tax Compliance Act. This U.S. tax legislation aims to prevent or detect tax evasion by U.S. persons. FATCA generally became effective for entity account holders on January 1, 2015.

### What are the requirements of FATCA?

Under FATCA, Citi is required to solicit U.S. Tax forms for all entity accounts opened prior to January 1, 2015 as part of Pre-Existing Account Due Diligence. In addition, TTS is required to perform due diligence on such pre-existing accounts even if the accounts are closed subsequent to January 1, 2015. Citi is required to provide information to the U.S. tax authority about accounts owned directly or indirectly by U.S. persons, as well as foreign entities that are not properly documented with a U.S. tax form.

### Who is impacted by FATCA?

FATCA may apply to both financial and non-financial operating companies.

### What are the consequences of non-compliance?

If Citi does not receive sufficient documentation for a client's account(s) by December 31, 2016, it may result in both a financial and/or reporting impact to the client. Depending on where the account is held and its FATCA status, the account may be subject to reporting, 30% withholding, suspension of interest, or closure.

## Citi's Client Outreach

### What is Citi asking for?

In order to accurately classify client accounts under FATCA, Citi is requesting IRS Form W-8 or W-9 from clients.

In certain countries, clients must also sign and return a Consent Letter in addition to providing the IRS Forms. The letter covers Citi's ability to validate the tax form in the United States. If a client does not provide consent where required, Citi may not be able to use the tax form to classify the client's account(s), in which case, clients may be considered non-compliant.

### Why is Citi asking for tax documentation?

Citi's outreach to our clients is driven by U.S. Treasury regulations and intergovernmental agreements, and is not a Citi internal requirement. If Citi does not receive the necessary documentation from clients, Citi cannot properly classify client accounts under FATCA, which may result in a negative impact to clients.

*Note that Citi does not provide legal or tax advice to clients. Clients are responsible for ascertaining their own FATCA and/or tax status and completing the necessary forms*

## Next Steps for Clients

- Understand the timeline for completion of tax documentation
- Secure tax forms for each legal entity that has account(s) with Citi
- Review additional materials to understand requirements

## Useful Resources

- **FATCA Website and FAQs:** <https://www.citi.com/tts/sa/taxinitives/index.html>
- **Online tool to assist in completing the appropriate form(s):** <https://ew802.fatcacompliance.com/EW8LiteCiti1> (Registration Code: UD9\$5K)
- **Address to Submit Forms/ Consent Letter Download/ Country Information:**
- <https://www.citi.com/tts/sa/taxinitives/consent.html>
- **Customer Service:** [FATCACustomerServ.Inquiries@citigroup.com](mailto:FATCACustomerServ.Inquiries@citigroup.com)

## Timeline for FATCA Pre-Existing Account Due Diligence and Compliance

Prior to December 2016

Clients should complete the appropriate IRS Form for their account(s).

Citi will validate client forms and work through client questions. Necessary forms and/or consent letters must be completed to avoid non-compliance

December 2016

Citi will complete FATCA classification for clients and take a global view of non-compliant entities for year end reporting

January 1, 2017

For non-compliant clients, depending on where the accounts are held, financial impacts may include suspension of interest, 30% FATCA withholding or account closure.

# FATCA – Summarizing the Impact as of January 1, 2017

Under FATCA, branches of Citibank N.A. located outside the U.S. are considered U.S. Financial Institutions (“USFIs”) and pay U.S. source interest on deposits. Generally, our non-U.S. subsidiaries are considered Foreign Financial Institutions (“FFIs”) and thus do not pay U.S. source interest on deposits. Regardless of the financial impact, reporting may be necessary on undocumented accounts.

**The following countries initiated withholding on interest paid to on undocumented accounts as of January 1<sup>st</sup>, 2017:**

- Australia
- Bahrain
- Canada
- Hong Kong
- Indonesia
- Israel
- Italy
- Jersey
- Kuwait
- Macau
- Malaysia\*
- New Zealand
- Qatar
- Singapore
- South Africa
- Thailand
- UAE (Dubai)
- United Kingdom
- United States

**The following countries have local prohibitions on withholding. Interest stopped being paid to undocumented accounts as of January 1<sup>st</sup>, 2017:**

- Algeria
- Argentina
- Bahamas
- Bangladesh
- Costa Rica
- Dominican Rep
- Ecuador
- Egypt
- El Salvador
- Guatemala
- Haiti
- Honduras
- India
- Jamaica
- Japan
- Jordan
- Kenya
- Lebanon
- Malaysia\*
- Pakistan
- Morocco\*\*
- Panama
- Paraguay
- Philippines
- Puerto Rico
- Sri Lanka \*\*\*
- Tanzania
- Trinidad and Tobago
- Tunisia
- Uruguay
- Vietnam
- Zambia

**The following countries may require reporting of information on undocumented entities as of December 31, 2016, but there will not be any financial impact as these locations do not pay U.S. source income:**

- Austria
- Barbados
- Belgium
- Brazil
- Bulgaria
- Cameroon
- Chile
- China
- Colombia
- Congo
- Czech Rep
- Denmark
- Finland
- France
- Gabon
- Germany
- Greece
- Hungary
- Ireland
- Ivory Coast
- Kazakhstan
- Korea
- Luxembourg
- Malaysia\*
- Mexico
- Netherlands
- Nicaragua
- Nigeria
- Norway
- Peru
- Poland
- Portugal
- Romania
- Russia
- Senegal
- Slovakia
- Spain
- Sweden
- Switzerland
- Taiwan
- Turkey
- Uganda
- Ukraine
- Venezuela

\* Malaysia has both a CBNA Branch and a Citi Subsidiary. Any undocumented accounts in the subsidiary are subject to reporting only and undocumented accounts in the CBNA Branch are subject to withholding.

\*\* Morocco may require closure of accounts, but clients will be notified in advance of any action

\*\*\* Sri Lanka accounts that are earning interest and are earning interest as of year end may need to be closed.