

FATCA FACT SHEET

1. What is FATCA?

- FATCA or Foreign Account Tax Compliance Act is a legislation recently introduced by the US in 2010.
- It is intended to increase tax transparency for the US Internal Revenue Service (IRS) with respect to US persons who hold assets overseas.
- Banks and financial institutions (FIs) outside US are required to report bank account information on their US customers to US IRS.

2. Bank Customers Affected by FATCA

- All customers who are classified as “US persons” or have US-links will be affected by this legislation.
- The term ‘US person’ means:
 - A U.S. citizen or resident individual;
 - A partnership or corporation organized in the U.S. or under the laws of the U.S. or any State thereof,
 - A trust if (i) a court within the U.S. would have authority under applicable law to render orders or judgments concerning substantially all issues regarding administration of the trust, and (ii) one or more U.S. persons have the authority to control all substantial decisions of the trust, or an estate or a decedent that is a citizen or resident of the United States;
- US links include
 - a) Designation of the account holder as US citizen or resident;
 - b) US place of birth;
 - c) US residence address or US mailing address (including US post office box);
 - d) US telephone number;
 - e) Standing instructions to pay amounts from the account to an account maintained in the US;
 - f) Current power of attorney or signatory authority granted to a person with a US address; or
 - g) An “in-care-of” address or a “hold mail” address that is the sole address the FFI has identified for the account holder

3. FATCA Implementation

a) by Singapore Government

- Singapore has initialed a Model 1 Intergovernmental Agreement (IGA) with the US to implement FATCA in Singapore and has been included in the US Department of the Treasury’s list of jurisdictions that are treated as having an IGA in effect. Under this agreement, all banks and FIs in Singapore are to report FATCA-related information to the Inland Revenue Authority of Singapore which will then forward the information to the US IRS.

b) by Banks

- Banks will identify accounts with US links as indicated in para 2 above and confirm with these account holders their US tax residency status through a self-certification form and collection of supporting documents.
- Account holders who are confirmed as US persons will have their account information submitted to the US IRS.
- No further action will be taken on account holders who are confirmed non-US persons.

c) by Bank Customers

- Customers with US links will receive a letter from their bank to confirm their US tax residency status.
- Customers are to complete and submit the relevant forms and supporting documents to their banks by the deadline stipulated.

4. Bank Customers Who Fail to Comply with FATCA Requirements

- Customers with US links who fail to submit the necessary form and documents by the deadline stipulated by their bank will have their bank account treated as a US Reportable Account and their bank will report it to the US IRS.
- For existing accounts, the bank may decide to close the account.
- For new accounts, the bank may decide not to establish a banking relationship with the customer.

5. Information to be Reported to US IRS

- The information to be reported to the US IRS includes the account holder's name, address, US Taxpayer Identification Number, account number and account balance.

6. Obtaining Advice on FATCA by Customers

- Banks are not permitted to provide US tax advice. Customers should seek the assistance of professional tax advisors or refer to the US IRS website <http://www.irs.gov/>
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