

FATCA Foreign Account TAX Compliance Act

DEFENITION

Foreign Account Tax Compliance Act (**FATCA**) is a Tax Compliance law that regulates US taxable accounts outside the United States of America and its territories (**US**). Under the terms of this Act, US taxable accounts are the accounts of Specified US Persons with US citizenship, US passport holders and / or residents in the United States, US or non-US legal persons largely owned or controlled by US persons, As well as assets in mutual funds, which are fully or partially US citizens and / or beneficiaries.

Compliance of "FATCA" Implementation

Under the provisions of the law, Bank Albilad (**Bank**) is obliged to comply with the ministry council decision requiring the approval of the Inter-Governmental Agreement (**IGA**) between the Kingdom of Saudi Arabia (**Kingdom**) and the Government of the United States of America (**USA**). Moreover, to meet the requirements of the Saudi Arabian Monetary Agency (**SAMA**) and the regulatory bodies to carry out the process of determining the accounts and products subjected to this law, and to develop the necessary mechanisms for the effective implementation of reporting standards and reporting to the General Authority for Zakat and TAX (**GAZT**), which in turn submits this information to the Internal Revenue Service (**IRS**).

How does FATCA affect you as a customer?

FATCA could affect any customer of the bank, regardless of nationality or citizenship.

This is because the bank is required to review the information of their customers to ascertain their customers' tax residency.

If the bank does not have this information on file, the bank may contact you to provide additional documentation to certify your tax status.

If you receive communication from the bank requesting additional information, you are required to provide the requested documents within 90 days of receiving the communication.

Please note, if you have multiple relationships with a financial institution you may be contacted multiple times requesting additional documentation.

It is important that you respond to all requests, even if you have provided the required information for a different account or financial product.

If you do not provide the required documentation then the bank may be required to treat you as a US citizen or US resident for tax purposes, and reporting you to GAZT will be required, who in turn, will provide this information to the Internal Revenue Service in the United States.

In case of any future change in circumstances regarding tax residence, the customer is required to inform the bank, and provide the relevant documents.

What if you are a citizen or resident of the United States?

If you are a citizen or resident of the United States e.g. were born in the US, hold a U.S. passport, or hold a Green Card, you should notify the bank.

WHAT ARE THE BANK'S RESPONSIBILITIES?

Under the provisions of FATCA and the approval of the High Commissioner and the signature of the Government of the Kingdom on the first form, paragraph B, Bank Albilad shall comply with the :

1. Determine the accounts held by persons exposed to US taxes and identify institutions subject to the provisions of the United States of America for natural and legal persons and those who have the authority and control of accounts of all kinds, including accounts of entities and financial institutions.
2. Provide relevant information to GAZT, which in turn communicates with the IRS.
3. Classify customers according to their tax self-certification and the provided information in order to determine their reporting status.
4. Send the information of the reportable accounts to GAZT.
5. Evaluate all products to determine whether they fall within the scope of FATCA.
6. Send information about some accounts to non-participating financial institutions, and respond to queries of GAZT.
7. Prohibit the advice to clients that would allow them not to disclose their residency status and/or evade taxes.

THE REQUIRED DATA FOR REPORTING

Customer data related to the tax compliance reports of foreign accounts includes the following:

1. Name of Account Holder.
2. US Taxpayer Identification Number.
3. Date of Birth.
4. Address.
5. Account number.
6. Balance or value of the account.
7. Revenue paid (excluding some of the total proceeds resulting from the sale or recovery (**REDEMPTION**) of property).
8. Total amounts from returns and payments to and from the Bank's accounts, this includes custody accounts of the Treasury.
9. Any inquiries or updates that arise from the related act or agreement from the regulatory bodies.

OECD	http://www.oecd.org/tax/automatic-exchange/common-reporting-standard/ http://www.oecd.org/tax/automatic-exchange/commitment-and-monitoring-process/
CMA	https://www.cma.org.sa
GAZT	https://www.gazt.gov.sa/ar/circulars-and-tax-agreements
IRS	https://www.irs.gov/businesses/corporations/fatca-regulations-and-other-guidance

منظمة التعاون الاقتصادي
والتنمية
هيئة الأوق المالية
الهيئة العامة للزكاة والدخل
دائرة الإيرادات الداخلية

*Please note that Bank Albilad is unable, and unauthorized to provide tax consultations. If you need a tax consultation, please contact a Certified Tax Consultant