

# INFORMATION

## on compliance with the requirements stipulated by FATCA

### What is FATCA?

FATCA is an acronym that stands for Foreign Account Tax Compliance Act.

### What is the purpose of FATCA?

FATCA aims to ensure that American taxpayers also pay tax on their financial assets that exist outside the USA (hereinafter: United States). In order to achieve this, FATCA sets forth a reporting system for financial institutions to supply information about certain accounts.

The United States imposes a withholding tax of 30% (effective from the date stipulated in the Act) on relevant incomes effectively connected to the conduct of trade of business in the United States (e.g. dividend, interest, royalties, rental fees etc.), provided payment is made to a non-U.S. financial institution.

**The 30% withholding liability does not apply to deemed-compliant institutions** that enter into an agreement with the IRS (Internal Revenue Services) for reviewing and performing due diligence on their customers and processes, followed by data reporting (carried out via the Hungarian National Tax and Customs Administration (hereinafter: NAV) to the IRS about their customers. Alternatively, if the country of residence of a financial institution enters into an intergovernmental agreement with the United States, the financial institution will have to comply with the FATCA regulations in accordance with the way they are implemented into local legislation.

### Hungary and FATCA

The governments of Hungary and the United States of America entered into an intergovernmental agreement (IGA) on 4 February 2014 regarding the automatic exchange of data between their national tax authorities and the support of certain tasks stipulated by FATCA. In accordance with **Act XIX of 2014** on enforcing FATCA and on the amendment of certain associated acts, **all financial institutions in Hungary are required, as of 1 July 2014, to operate a customer identification system that facilitates the determination of whether customers are subject to FATCA and the adequate forms that are to be used.** As an additional requirement, due diligence shall be performed on all existing customers in order to determine their FATCA status and, starting from 2015, data shall be reported to NAV on an annual basis regarding customers who fall under the scope of FATCA.

### What do you need to do?

- In order to enable our Bank to identify whether you fall under the scope of FATCA, **you are kindly asked to complete a FATCA-statement prepared by Takarékszövetkezet. This rule comes into effect on 1 July 2014.**
- If, based on data submitted in your statement, you are deemed to fall under the scope of FATCA, **you may fill out a tax return form** published by the IRS or **you may certify your status** as a U.S. or non-U.S. person for the purposes of FATCA.
- Should you submit an **incomplete FATCA statement / tax certification** or **if you do not wish to make such a statement / certification**, our Bank shall by law treat you as a U.S. person and shall process and submit your data to NAV accordingly.

### Which accounts are subject to mandatory reporting?

Accounts falling under the scope of mandatory reporting are those maintained by one or more Specified U.S. persons (meaning a **U.S. person**) or by a non-U.S. entity with one or more Controlling Persons that are Specified U.S. persons. The account shall not be regarded as a U.S. reportable account if the account is deemed not to be a U.S. reportable account upon completion of the legally-mandated due diligence process.

### **Who is deemed to be a U.S. person?**

Natural persons, legal persons or other entities with no legal personality that are affiliated with the U.S.

U.S. persons: individuals who are citizens or residents of the United States. (You are considered to be a resident of the United States in any of the following cases: you were born in the U.S; you have a U.S. permanent address or residence address or mailing address; you have a U.S. P.O. Box; you have a cellular or landline phone subscription with a U.S. service provider; you have a standing order associated with an account held in the U.S.; you have authorized a U.S. resident to act or sign on your behalf regarding your account.)

U.S. entities: a company is deemed to be a U.S. legal person or an organization with no legal personality (among others) in any of the following cases: the company is incorporated or organized in the United States; the registered seat, premises or branch of the company is in the United States; a Controlling Person of the company is a U.S. person.

### **What kind of information is reported about you?**

- The name, address and USA tax identification number of U.S. persons,
- If the legally mandated due diligence process reveals that a non-U.S. entity includes one or more Controlling Persons who qualify as Specified U.S. Persons, the name, address and U.S. tax identification number (if any) is reported for both the entity itself and all Specified U.S. Persons;
- the account number (or an appropriate identification number if no account number is available);
- the account balance or value at the end of a given calendar year or a certain reporting period. If the account is terminated during the year, reporting is done immediately before closing the account.

### **The due date for the first report to NAV: June 30, 2015**

Once data has been reported, our relevant Customers are informed in writing within 30 days.

Should you wish to obtain more information regarding FATCA, intergovernmental agreements or instructions on filling out the individual forms, please contact our colleagues or visit our website at <http://www.fegyvernektksz.hu>. You can also find detailed information in English at the IRS website: <http://www.irs.gov/Businesses/Corporations/Foreign-Account-Tax-Compliance-Act-FATCA>)