



## Personal Customers

### FREQUENTLY ASKED QUESTIONS

#### Foreign Account Tax Compliance Act ('FATCA') and Common Reporting Standard ('CRS')

##### 1. What is FATCA?

FATCA is a legal framework which requires the bank to report details of financial accounts held by US Citizens and persons tax resident in the US to HMRC on an annual basis who will then exchange this information with the US tax authorities.

##### 2. What is CRS?

CRS is a legal framework which requires the bank to report details of financial accounts held by persons tax resident in a CRS participating jurisdiction to HMRC on an annual basis who may then exchange this information with tax authorities in relevant jurisdictions.

##### 3. What is the impact of FATCA and CRS for you?

We are required to undertake the following additional steps in relation to customers opening a new account:

- obtain a tax certification from the customer which enables the bank to determine (a) whether the account holder is a US citizen and (b) the account holders residence for tax purposes;
- confirm the reasonableness of the tax certification based on other information that we hold in relation to the customer;
- where there is a conflict between the tax certification and other customer information that we have on file, we will require a reasonable explanation and documentation supporting the reasonableness of the tax certification provided at account opening (refer to Q4/5) or alternatively a revised tax certification. An example of such a conflict would be if a customer declares that they are UK tax resident but they have an Irish mailing address.
- Further information is available on the HMRC website at:  
<https://www.gov.uk/guidance/automatic-exchange-of-information-account-holders>.

##### 4. What is a reasonable explanation?

In certain cases where there is a conflict between the tax certification provided by a customer and other information that we have on file, we are obliged to request a reasonable explanation and documentation supporting the reasonableness of the tax certification provided.

The explanation required will depend on the specific circumstances of each customer. It should explain why the customer is satisfied that they are tax resident in the country(ies) provided in the

tax certification. It should also include a detailed explanation as to why there is a difference between the country(ies) of tax residence included on the tax certification and other information held by the bank.

If we take an example of a customer who certifies that they are UK tax resident but who has a French mailing address, a reasonable explanation might be that they are living and working in the UK but continue to have their post sent to their parents address in France.

## **5. What documentation should be provided to support the reasonable explanation?**

Customers will be required to submit documentation **from their country(ies) of tax residence** to support the reasonable explanation provided (refer to Q4). The following are examples of the types of documentation that will be accepted:

**A.** a copy of a utility bill (electricity, gas or landline) or home insurance policy, issued in the past 6 months, which includes the customers address in their country(ies) of tax residence;

**and**

**B.** a copy of one of the following documents which includes the customers address in their country(ies) of tax residence:

- Confirmation of tax residence from the appropriate Revenue authority
- A document issued by a government department
- A Statement of Liability from a Tax Authority
- A social insurance document
- Council tax bill or demand letter
- Payslip
- Lease Agreement
- Employment contract

## **6. How should you determine your country (or countries) of tax residence?**

In general, tax residence is the place where an individual lives. However, in certain circumstances, such as where an individual lives and works in different countries or lives part of the year in a different jurisdiction, the determination of tax residency may be more complicated. Each country has its own rules on tax residency.

For example, Lucy has her permanent home in Derry. However she travels each day to Donegal for work, returning in the evening. She does not have a permanent home available to her outside of Derry.

Lucy is tax resident in the UK under UK tax residency rules and is also tax resident in Ireland for the same year as she is present in Ireland for more than 183 days in the tax year. However, as Lucy's permanent home is in Derry, she is tax resident in the UK under the Ireland / UK Double Tax Agreement.

A person coming to live in the UK or returning to the UK after living abroad for a number of years may not be tax resident in the UK from the date of arrival and may continue to be tax resident in the country in which they previously resided. Further information on tax residency and the implications for people coming or returning to live in the UK is available at <http://www.gov.uk/tax-foreign->

[income/residence](#). Similarly a person leaving the UK to live abroad may not cease to be UK tax resident from the date of departure.

An overview of the tax residency rules of countries participating in CRS can be found at <http://www.oecd.org/tax/automatic-exchange/crs-implementation-and-assistance/tax-residency>.

If you move to a new country (on a full time or part time basis) your tax residence may change. Please notify us if your country of tax residence changes so that we can update the tax information we hold for you.

#### **7. Do you need to provide a Tax Identification Number ('TIN')?**

We are required to collect a TIN for any customer that is a U.S. Citizen or tax resident in certain CRS participating jurisdictions outside the UK. Except in the limited circumstances where a customer is tax resident in a jurisdiction that does not issue TIN's, we may not be able to proceed with opening a new account until a TIN has been provided. Further information on TIN's is available at: <http://www.oecd.org/tax/automatic-exchange/crs-implementation-and-assistance/tax-identification-numbers/>.

#### **8. Do you need to provide a TIN if you are a US Citizen?**

A person born in the US is regarded as a US Citizen unless born to a foreign diplomat. Where a customer is a US Citizen, we cannot proceed to open a bank account until the customer provides us with a US TIN which is typically their social security number. The only exception to this would be if the customer can verify that their parents were foreign diplomats or that they have renounced their US citizenship.

Customers can apply to the IRS to obtain a US TIN. Further information on how to apply for a US TIN can be found at: <https://www.irs.gov/individuals/international-taxpayers/taxpayer-identification-numbers-tin>

#### **9. How frequently will you have to provide information for FATCA / CRS purposes?**

Customers should promptly advise us of any change in their tax residency status. To the extent that there is a change in the account information of a customer e.g a change of address, we may contact them to complete a new tax certification and / or reasonable explanation form (refer to Q4) so that we can update the tax information we hold.

If a customer does not respond to any such request we may be obliged to report details of their financial accounts to HMRC.

#### **10. Who will be reported to HMRC under FATCA / CRS?**

Under FATCA, the details of accounts of US Citizens and US tax residents will be reported to HMRC who will exchange these details with the US tax authorities, the IRS.

Under CRS, the details of accounts of persons who are tax resident outside of the UK/US in a CRS participating jurisdiction will be reported to HMRC who will exchange these details with other tax authorities in relevant jurisdictions.

## 11. What information is reported to HMRC under FATCA / CRS?

In general, financial institutions must report the following information to HMRC:

- the account holder's name, address, date and place of birth (where available) and US citizenship
- country of tax residence and TIN of the account holder
- the account number
- the account balance or value at year end and
- interest paid or credited to the account during the calendar year

### Tax Advice and Disclaimer

Please note that the information contained in this document is for information purposes only. AIB (NI) does not offer tax advice. If you have any questions in relation to FATCA / CRS you should contact your tax advisor or HMRC at:

<https://www.gov.uk/guidance/automatic-exchange-of-information-account-holders>

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