

Frequently Asked Questions

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1. What is FATCA?

The Foreign Account Tax Compliance Act (“FATCA”) is a US reporting regime, which became effective as of July 1, 2014. It requires all Foreign Financial Institutions (“FFIs”) residing outside the US to enter in to an agreement with the tax authority in the United States (known as the Internal Revenue Service (“IRS”)), with the aim of identifying and reporting the US accounts held or managed by them to the IRS.

FATCA is intended to increase transparency for the IRS with respect to US persons, along with limiting avoidance of US taxation on investments and income earned through non-US institutions.

2. What is the FATCA related Inter-Governmental Agreement (“IGA”)?

The IGA is an agreement between the US and a FATCA Partnership jurisdiction (in this case, the State of Kuwait). The IGA better facilitates a partner country’s compliance with the provisions of FATCA.

Under the IGA, Financial Institutions (“FI’s”) in the partner jurisdictions will be able to report information on US account holders directly to their national tax authorities, who in turn will report to the US tax authority; the United States Internal Revenue Service (the “IRS”).

Following are some of the IGA’s highlights and benefits:

- FATCA-related laws and regulations will be incorporated into the partner jurisdiction’s local laws and regulations
- Extension of certain deadlines
- Simplified customer due diligence for FI’s
- Increased clarity around due diligence by FI’s, with country-specific provisions
- Reporting by FI’s to the local authorities instead of the IRS.

3. What type of accounts will be considered US accounts?

- a) Any non-US account owned by a US person such as:
 - A US citizen (including a dual citizen)
 - A US resident alien for tax purposes (including a green card holder)
 - A US entity
- b) The account of any non-US entity which is substantially owned ($\geq 25\%$), directly or indirectly, by a person identified under FATCA as a US person.

4. How does FATCA impact me as a customer?

a) Individuals:

Your bank will ask you to complete/update your information, along with specific forms to determine the presence of any US indicia, which are as follows:

- US citizen or resident
- US place of birth
- Current US address (including a US Post Office Box)
- US telephone number
- Standing instructions to pay amounts to an account maintained in the US
- Current power of attorney or signatory authority granted to a person with a US address
- An “in-care-of” address or a “hold mail” address that is the sole address identified for the account

b) Entities:

Your bank will ask you to complete or update your information and provide a self-certification form or relevant IRS FATCA form (W-9 or W-8), to confirm your FATCA classification.

5. What documentation am I required to present to my bank?

If you are a US person (individual or entity), you are required to complete and sign a “W-9 Form” and a “Bank Secrecy Waiver” to enable your bank to report your information to the concerned authority. However, if you are not a US person, then you are required to update your information and complete one of the following forms to certify your non-US status:

a) Individuals (only if your account information indicated the presence of US indicia):

- Self-certification form for individuals, in the case of Kuwaiti residents.
- W-8BEN form in the case of non-resident customers.

b) Entities (applies to all entities irrespective of the presence of any US indicia):

- Self-certification form for entities, in the case of Kuwaiti residents.
- Relevant W-8 form in the case of non-resident customers.

6. What is a self-certification form?

A local tax form issued by the Kuwait Ministry of Finance and used by non-US persons residing in Kuwait to certify their non-US status, and in the case of entities, to confirm their FATCA classification.

7. What is a W-9 Form?

A US tax form used to collect the data of US persons to help file information returns to the concerned authority. It includes among other things, the US person's name, address, and taxpayer identification information.

8. What is a W-8?

A US tax form used by non-US persons that are not Kuwaiti residents, to certify their non-US status, and in the case of entities, to confirm their FATCA classification.

9. What information will be reported to the IRS?

As per the FATCA reporting guidelines and IGA signed between the government of State of Kuwait and the US government, we will report the following information about US person accounts:

- The legal name of the account holder;
- Address of the account holder;
- The Tax Identification Number (TIN) of the account holder;
- Account number and aggregate account balance;
- Total gross amount of interest, dividends, or other income generated with respect to the assets held in the account; and,
- Total gross proceeds from the sale of property paid or credited to the account.

10. In case the Bank asks me for more information, what is the period of time I will have for compliance?

Should the Bank request any additional information, you will be required to provide the Bank with the additional information within sixty (60) days of the Bank's request. Otherwise, you will be considered as a recalcitrant account holder.

11. What happens if I refuse to provide the requested information to the Bank to determine my FATCA status as a US or non-US person?

If an account holder does not cooperate with the Bank with regards to providing the required information under FATCA, the account will be deemed recalcitrant. As per the local regulator's directives, banks should take all measures to ensure their compliance with FATCA rules and regulations, including suspending or closing of bank accounts held by recalcitrant persons.

12. What should I do if my status changes to one qualifying as a US person while holding an account with your Bank?

You should inform the Bank of your new status as a US person within sixty (60) days of qualifying as such.

13. If I used to hold a US citizenship / Green Card and gave it up, am I still considered as a US person?

No, but you need to prove that you have given up your US citizenship by providing a Certificate of Loss of Nationality or an Abandonment of Lawful Permanent Resident Status Form (Form I-407) if you were a permanent resident.

14. Are all US entities and US owned foreign entities subject to FATCA reporting?

FATCA provides exemptions for certain entities that meet specific requirements. Consult your tax advisor to determine whether the entity is subject to exceptions under FATCA provisions and the IGA.

This communication provides general information. It does not constitute tax advice and should not be relied on as such. For further information, please consult your legal/tax advisor or visit the IRS website at www.irs.gov