



Frequently Asked Questions: FATCA

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Treasury and Trade Solutions

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FATCA

1. What is FATCA?

- FATCA stands for the Foreign Account Tax Compliance Act and is U.S. tax legislation enacted on March 18, 2010. The primary objective of the law is to reduce U.S. tax evasion by U.S. taxpayers who invest directly in non-U.S. accounts or indirectly through the ownership of non-U.S. entities. Among other things, FATCA requires Citi to adopt enhanced account onboarding procedures to determine whether an account is a U.S. account or a foreign account, conduct a due diligence review of certain pre-existing accounts, impose FATCA withholding on actual or presumed nonparticipating foreign financial institutions when required, and, where necessary, report information directly or indirectly via local tax authorities to the U.S. Internal Revenue Service (the "IRS").

2. How am I impacted by FATCA?

- For deposit accounts opened before January 1, 2015 (or July 1, 2014 for accounts maintained in the United Kingdom), the IRS provided for a due diligence period for financial institutions to review existing entity accounts and document their FATCA status. This is known as Pre-existing Account Due Diligence ("PADD").
- If for bank deposit accounts maintained with Citi Treasury and Trade Solutions ("TTS") outside the United States, we do not receive a valid IRS Tax Form W-8 or W-9 before December 31st 2016, we may have to apply a 30% FATCA withholding from U.S. source interest credited to those accounts after that date. Additionally, in countries where FATCA withholding is prohibited by local law, we may have to set the account to non-interest bearing, close the account, or transfer or block the account to satisfy both U.S. and local laws.

3. When is annual outreach for FATCA executed?

- In Quarter 2 and Quarter 3 of each year, identified clients requiring FATCA documentation are sent email or hard copy notification requesting for forms to be submitted within the year.

4. What is the target population of annual outreach?

- Clients whose FATCA forms are to expire at the end of current year, clients that are part of continuous obligation who did not have valid documentation from prior year, clients who went through a change of circumstance in the previous year and any new accounts without valid documentation from account opening.

5. How is annual outreach for FATCA executed?

- Bulk of outreach is done at parent level via email gathered from relationship managers by central outreach team. Remaining clients are sent hard copy mail to the address in our books and records.



FATCA Withholding

1. Why did TTS withhold 30% of the interest paid to my account?

- FATCA expanded the meaning of U.S. source income to include interest paid by branches of a U.S. bank located outside the United States. For TTS, interest paid by our Citibank North America (“CBNA”) branches is now considered U.S. source income. FATCA offered transition relief from FATCA withholding when payments were made outside the U.S. before January 1, 2017. Thereafter, FATCA withholding may need to be applied in the absence of a valid IRS Tax Form W-8 or W-9.
- If 30% was withheld from your interest payment and your account statements show a withholding debit, it is due to the fact that we do not have a valid IRS Tax Form W-8 or W-9 on file. Withholding occurs when interest is paid, and will continue to be withheld as interest is paid in the future until TTS has received the documentation required to comply with FATCA.

2. Will the 30% FATCA withholding cease when I submit a valid IRS Form W-8/W-9, and if so, when?

- Yes, withholding will cease once you have provided the necessary form and any supporting documentation, and TTS has had an opportunity to validate the tax documentation.

3. Am I able to receive a refund for the FATCA tax withheld from the interest payment?

- If a valid **IRS Form W-9** certifying to U.S. status is furnished backup withholding has occurred, TTS generally may not refund the tax withheld. Nevertheless, a U.S. entity, as a U.S. taxpayer, can claim a credit for the FATCA withholding against its federal income tax liability on its tax return. If the credit results in an overpayment of federal income tax, the IRS will refund the over withheld tax.
- Backup withholding rate is 24% and is nonrefundable.
- On the other hand, if a valid **IRS Form W-8** certifying to foreign status is furnished after FATCA withholding has occurred, TTS can return the withheld funds to your account if we receive the necessary documentation in the same calendar year as the withholding occurs, The necessary documentation may include the following
 - A valid U.S. Tax Form W-8
 - An Affidavit of Unchanged Status
 - If necessary, a signed Country Consent Form

4. What is an Affidavit of Unchanged Status?

- To ensure that you receive a full refund for any lost interest during the current tax year for a pre-existing account, you will need to certify to your FATCA status retroactively to January 1 of the current year using this form.

5. What if I am unable to provide an Affidavit of Unchanged Status?

- TTS will only be able to refund interest starting the first day of the month the IRS Tax Form W-8 was validated.

6. Will my refund be posted to my account automatically or do I need to request it?

- TTS will start to process refunds once the required documentation is submitted as listed in Question 3 by last business day of February. Generally, the refund process takes up to 10 business days.



7. How do I request a refund on the 30% FATCA interest withheld?

- To ensure your refund is processed timely, email FATCACustomerServ.Inquiries@citi.com with the following details
 - Subject – “U.S. Tax Withholding Refund Request”
 - Full account number subject to withholding
 - Legal entity name that owns the account
 - Country where the account is held
 - If available, the name of Citi legal entity and branch where the withholding occurred
 - If available, the date of the withholding transaction
 - If available, the amount of withholding posted including the currency of the transaction
- You will receive a confirmation that your email was received.
- If you are missing any of the above required information, you will receive an email notifying you of the missing information.

8. Are refunds retroactive?

- Yes, refunds are retroactive to the first of the year, provided we receive the Affidavit of Unchanged Status along with a valid W-8 and Country Consent Letter when necessary.

9. Will interest be paid on the withheld amount?

- No, refunds will be the equivalent of the amount withheld.

10. What is the impact if the withholding occurred on a non U.S. Dollar denominated account?

- We are required to remit all withheld funds to the U.S. IRS in U.S. dollars. The spot rate in effect on the date the withholding occurs is used to convert the amount withheld in foreign currency into U.S. dollars for payment to the IRS.

11. What if the FX rate changed?

- Citi cannot absorb the impact of foreign exchange rate fluctuations with respect to tax obligations on client accounts. The refund will include any foreign currency gains or losses created by the currency conversion. The exchange rate on the day of the refund transaction will be used to convert the total U.S. dollar amount withheld into the foreign currency amount to pay to your account.

12. Will I receive a confirmation when my refund is credited to my account?

- Yes, you will receive an email from the same team that received your request for a refund.

13. I have other TTS accounts for which I didn't submit a tax form. Why wasn't the 30% FATCA withholding amount withheld?

- Depending on which country your TTS cash account is held, there may be different consequences for not being properly documented under FATCA. Where withholding is prohibited, TTS may have been required to block interest from being paid to your account or, in certain circumstances, been required to close your account.



FATCA Interest Payment Stoppage

1. Why did TTS stop paying interest on my account?

- FATCA expanded the meaning of U.S.-source income to include interest paid by branches of a U.S. bank located outside the United States. For TTS, interest paid by our CBNA branches is now considered U.S. source income. FATCA offered transition relief from FATCA withholding when payments were made outside the U.S. before January 1, 2017. If on or after January 1, 2017 our records indicate that we did not receive a valid IRS Tax Form W-8 or W-9 for your account(s) held at certain offshore branches of CBNA, we may have had to stop paying interest to your account to avoid having to close, transfer or block your account from future transactions.
- In certain countries, where U.S. withholding is prohibited, TTS stopped paying interest to your account and thereby avoided an obligation to withhold in the absence of required U.S. tax documentation. In such cases, we will not pay any interest until TTS has possession of the U.S. tax documentation required on your account to prevent FATCA withholding.

2. Will interest be reinstated when I submit a valid U.S. Tax Form W-8/W-9 and if so, when?

- Yes, as soon as administratively practicable, once we receive the necessary documentation to comply with FATCA.

3. After the required U.S. tax documentation is provided to TTS, am I able to receive a payment of interest that would have accrued during the period interest was not paid on my account?

- Yes, TTS can make payments of “catch-up” interest after the required U.S. tax documentation is provided.
- Reference questions under the header “FATCA Withholding” above for documentation requirements.

4. How do I request a credit of catch-up interest?

- Email FATCACustomerServ.Inquiries@citi.com with the following details:
 - i. Subject – Request for Catch-Up U.S. Interest
 - ii. The country where account is maintained
 - iii. Legal entity name that owns the account
 - iv. Full account number

5. Will I receive a confirmation when the prior period interest is credited to my account?

- You will receive a confirmation that your tax documentation has been validated and that a request has been made to restore the interest rate on your account.



FATCA Tax Documentation

1. Where can I download copies of all of the required FATCA documents?

- U.S. Tax Forms – https://www.citi.com/tts/sa/taxinitiatives/docs/choosing_right_tax_form.pdf
- Citi Country Consent Forms – <https://www.citi.com/tts/sa/taxinitiatives/consent.html>
- Affidavit of Unchanged Status – <https://citi.com/tts/sa/taxinitiatives/docs/Affidavit-of-Unchanged-Status.pdf>

2. What is the Country Consent Form?

- Certain local laws require not only the collection of an IRS Form W-8 or W-9, but also require TTS to obtain a consent letter from clients that allow us to use the form to classify your account, and if necessary, report information to the appropriate tax authorities. These consent letters only apply to pre-existing accounts and not to any new accounts opened with TTS globally after the FATCA effective date since you signed a Master Account and Service Terms (“MAST”) agreement up opening.
- If you have recently opened a new account with TTS and signed a MAST agreement with TTS, then we may be able to apply that MAST to legacy accounts as well. TTS would need you to either work with your relationship manager to ensure the MAST is applied to legacy accounts, or simply sign and return the consent letter.

3. How do I submit the IRS Tax Forms to TTS?

- To process your forms quickly, please email your completed and signed IRS Form W-8/W-9, and any required supporting documentation, to the address indicated on our Citi FATCA Site at <https://www.citi.com/tts/sa/taxinitiatives/consent.html> for the country in which your account is located.
- All IRS Tax Forms may be transmitted electronically; there is no need to provide original forms. If you are going to include personally Identifiable Information (PII) and/or have any concerns with providing your IRS Tax Form and tax information via email, please email FATCACustomerServ.Inquiries@citi.com in advance of sending the Form and we will provide you a secure email process to utilize. Citi cannot be held responsible for the consequences should you choose to send information of any nature via unsecured channels over the internet.

4. Will I receive an email confirmation when my IRS Tax Form and supporting documentation have been validated?

- Yes, you will receive an email confirmation once your documentation has been validated.

5. Where can I find additional FATCA information?

- For additional information on FATCA, please see our earlier FAQ document: https://www.citi.com/tts/sa/taxinitiatives/docs/FAQs_FATCA_Oct2015.pdf



FATCA Additional Information

1. What other implications exist if my account did not have a valid IRS Tax Form on file as of December 31?

- Regardless of where your account is maintained, we may be required to report financial information to the appropriate tax authorities.

2. Do the IRS Tax Forms W-8 or W-9 expire?

- IRS Tax Forms W-9 do not expire unless the U.S. tax status of the entity changes.
- IRS Tax Forms W-8 generally expire at the end of the third calendar year after it was signed or earlier, if circumstances change that cause any of the information or representations made on the form to become incorrect or incomplete. Well in advance of the expiration of IRS Tax Forms W-8, you will receive communications from TTS requesting the renewal of the IRS Tax Form W-8. We urge you to respond to such a request as soon as practical to avoid the onset of FATCA withholding on future payments of U.S. source interest income.

3. What are the implications if no valid FATCA form is on file when booking a time deposit?

- In countries where FATCA withholding is allowed, time deposits can be booked while in the process of collecting the required IRS tax documentation. Any US source interest income earned will be subject to 30% FATCA withholding. A refund can be initiated as described in Question 7 under FATCA withholding section of the FAQ.
- In countries where there is local prohibitions on withholding, a system block will be placed on booking of the time deposit until valid IRS tax documentation is submitted and approved.

4. What are the tax requirements at the maturity of the deposits?

- Valid IRS form has to be collected and approved by the tax team prior to moving funds.

5. Where can I find more information on FATCA?

- Citi FATCA Website and FAQs: <https://www.citi.com/tts/sa/taxinitiatives/index.html>
- Online tool to assist in completing the appropriate form(s):
<https://ew802.taxsolutions.spglobal.com/EW8LiteCiti1/Acknowledgement.aspx>
(Registration Code: UD9\$5K)
- Comprehensive list of Citi FATCA country details including country Consent Letter downloads, IRS Tax Form and Consent letter submission addresses:
<https://www.citi.com/tts/sa/taxinitiatives/consent.html>
- Citi FATCA Customer Service: FATCACustomerServ.Inquiries@citi.com
- Description and download of IRS Tax Forms: https://www.citi.com/tts/sa/taxinitiatives/docs/choosing_right_tax_form.pdf



Common Inquiries Regarding Tax Forms for FATCA

1. What is a combined FATCA/CRS Entity Self-Certification form?

- Combined FATCA/CRS Self-Certification form is a Citi developed alternate tax documentation that satisfies requirements for both FATCA and CRS. This combined form does not expire unless a change in circumstance that renders the form unacceptable. This form can only be provided by certain types of client entities as detailed below. <https://www.citibank.com/tts/sa/taxinitiatives/docs/FATCA-CRS-Self-certification-Client-Form.pdf>

2. Who can provide a FATCA/CRS Entity Self-Certification Form?

- The FATCA/CRS combined form can only be used if:
 - This Form should *only* be completed by an Active NFFE, a publicly traded NFFE or Affiliate of a Publicly Traded NFFE who is located in an IGA Model 1, IGA Model 2 or non-IGA jurisdiction.
 - This Form applies *only* to an offshore depository account (outside the United States).
 - If the entity has a FATCA status other than Active NFFE, a publicly traded NFFE or affiliate of a publicly traded NFFE, the client should **not** complete this Form. They should complete the appropriate IRS Form W-8 or Form W-9 (if a U.S. entity) and a CRS Self-Certification.
 - If the entity is a disregarded entity, partnership or other fiscally transparent entity for U.S. tax purposes, the client cannot complete this Form. They have to complete the appropriate IRS Form W-8 or W-9.

3. Who submits a W8 IMY?

- Used by Non-U.S. Financial Institutions and Non-U.S. Partnerships For use by non-U.S. intermediaries (qualified intermediary and non-qualified intermediary) and flow-through entities (partnerships, grantor trusts and simple trusts). Certifies to the non-U.S. status and the FATCA status of the intermediary or flow-through entity.

4. What is a full package W8 IMY?

- Full package includes a W8 IMY with a withholding statement and underlying partner FATCA forms.

5. What is a “bare” W8 IMY?

- W8 IMY was provided without a withholding statement and underlying partner FATCA forms. The “bare” W8 IMY may make the accounts subject to FATCA withholding if any US source interest income is earned on the accounts depending on the selections made on the form.

6. Are electronic signatures acceptable on tax forms?

Electronic signatures for US tax forms completed for Citi accounts through Citi and non-Citi DocuSign, Adobe processes, Citi internally developed applications and other forms of reviewed digital signatures must meet the following requirements:

- Must reasonably demonstrate that the form has been electronically signed by the person identified on the form (or someone authorized to sign for the person) e.g., the signature block has the name of the person authorized to sign, a time and date stamp and a statement that the withholding certificate has been electronically signed.
- Citi does not have actual knowledge that the documentation or information (to support the form was electronically signed by the person identified on the form may) is incorrect.
- The signature must also authenticate and verify the submission.



Client Annual Outreach

1. What is Citi asking for?

- To accurately classify client accounts under FATCA, Citi is requesting IRS Form W-8 or W-9 from clients. In certain countries, clients must also sign and return a Consent Letter in addition to providing the IRS Forms. The letter covers Citi's ability to validate the tax form in the United States. If a client does not provide consent where required, Citi may not be able to use the tax form to classify the client's account(s), in which case, clients may be considered non-compliant.
- Why is Citi asking for tax documentation? Citi's outreach to our clients is driven by U.S. Treasury regulations and intergovernmental agreements and is not a Citi internal requirement. If Citi does not receive the necessary documentation from clients, Citi cannot properly classify client accounts under FATCA, which may result in a negative impact to our clients.