

REPORTING DUTY FOR US AMERICAN ACCOUNT AND CUSTODY ACCOUNT HOLDERS

CUSTOMER INFORMATION

On the basis of a bilateral agreement, Facta (the Foreign Account Tax Compliance Act) has also been in force in Austria since 1 July 2014

The "Foreign Account Tax Compliance Act" (abbreviated to FATCA) was passed by the US Government on 18.03.2010 as part of the "Hiring Incentives to Restore Employment Act" (HIRE Act – Title V Subtitle A), with the aim of combating tax evasion by USA taxpayers living abroad. A private law agreement with the US tax authority, the Internal Revenue Service (IRS), requires "Foreign Financial Institutions" (FFIs) to report income and assets of USA taxpayers directly to the IRS. If the customer in question does not consent to such reporting, a 30% "withholding tax" is to be applied to all FDAP ("Fixed, Determinable, Annual or Periodical") payments received by this customer from the USA.

On the basis of a bilateral agreement, FATCA (the Foreign Account Tax Compliance Act) has also been force in Austria since 1 July 2014.

The bilateral agreement aims to combat tax flight or tax evasion by US citizens (or persons liable for tax payments in the USA) who are living abroad.

The agreement between the Republic of Austria and the United States of America on cooperation to facilitate the implementation of FATCA was enacted by the Council of Ministers on 29 April 2014. As part of this agreement, Austrian financial institutions (i.e. including Austrian Anadi Bank) must provide the USA with tax-relevant information on US American account holders and custody account holders. Banks which do not fulfil this reporting duty or do not participate in FATCA will have a sanction imposed upon them by the USA.

What has to be done in connection with Facta?

The Bank has to check its customer data for any US connections, for example:

- nationality or US citizenship
- place of birth in the USA
- residence in the US for tax purposes, postal address or PO box in the USA
- US telephone number
- standing order to transfer funds to an account in the USA
- powers of action or disposal in favour of a person with a US address
- c/o or correspondence address at the bank (if this is the only address)

If one or more of these US connections is identified, we will inform the customer and request him to clarify his US tax status, using forms to be provided by us.

- If the customer confirms the US connections that have been identified, and if the customer hands over the signed form W9 and the "consent to report" to the Bank, the customer's data (per end of 2014: name, address, TIN, account numbers, account balances; per end of 2015: additionally US-FDAP income, from the end of 2016: additionally any sale proceeds) will be reported by the Bank annually to the American tax administration (IRS, Internal Revenue Service).
- If the customer does not have US citizenship, and in the absence of proof to the contrary, no data will be reported to the American tax administration IRS.
- If the customer does not give the financial institution his consent to the reporting of the data, the above 30% tax deduction is not applied immediately; instead, the financial institution makes an anonymised report to the IRS concerning all customers who have not given their consent. The USA is then entitled, by way of bilateral administrative assistance based on group request submitted to the Austrian Federal Ministry for Finance (BMF), to have the corresponding data sent to them. Only if a FATCA-relevant group request remains unanswered for eight months does the financial institution apply the above tax deduction in regard to the customer in question.

Further information

- Agreement between the Republic of Austria and the United States of America on cooperation to facilitate the implementation of FATCA <https://www.bmf.gv.at/steuern/int-steuerrecht/Abkommen-USA-FATCA.html>
- General information on the subject of FATCA can be found on the website of the IRS (Internal Revenue Service) <http://www.irs.gov/Businesses/Corporations/Foreign-Account-Tax-Compliance-Act-FATCA>