

Foreign Account Tax Compliance Act – FATCA

What is FATCA?

FATCA stands for the Foreign Account Tax Compliance Act. It is a law enacted in the United States of America (U.S.) and is aimed at addressing perceived tax abuse by U.S. Persons through the use of accounts maintained with Foreign Financial Institutions outside the U.S.

Bank of Palestine and Compliance to FATCA.

Since the beginning of April 2014, Bank of Palestine and all its subsidiaries has been complied with the requirements of FATCA, in accordance to the Bank's policies regarding compliance with the instructions of Palestine Monetary Authority, and with the relevant international requirements.

Is Bank of Palestine the only Bank affected by FATCA?

No. All Financial Institutions in Palestine (including Banks) will be affected by FATCA. Bank of Palestine and all of Palestinian Financial Institutions are complying with the act. However, each financial institution will have its own approach for implementing FATCA.

Do you have to comply with FATCA requirements?

Yes, FATCA will impact individual customers who exhibit any one of the indicia of U.S. status, and certain business customers with U.S. owners. Such customers will be required to provide additional information/documentation to confirm their FATCA status.

Yes, if you (individual or entity) exhibit any indicia that subjects you to FATCA, then you will need to comply with the requirements of the Act; the Bank will take the necessary measures to ensure your compliance and FATCA status.

What are the indicia for individuals that subject them to FATCA?

1. U.S. citizenship or Green Card holders.
2. Place of birth is the United States, Puerto Rico, U.S. Virgin Islands, or Guam.
3. Permanent address is in the USA.
4. U.S. mailing address or phone number.
5. Standing instructions to transfer funds to an account maintained in the U.S.
6. Power of attorney or signatory authority granted to a person with a U.S. address.
7. An 'in care of' or 'hold mail' address that is the sole address for the account.
8. Residing in the U.S. for 183 consecutive days or more during the last three years.

What are the indicia for companies that subject them to FATCA?

1. Nationality of the company/institution: U.S.
2. The company / headquarter / headquarter of mother company: U.S.
3. Country of registration / establishment / origin: U.S.
4. Current U.S. address or mailing address.
5. Standing instructions to transfer funds to an account maintained in the US.
6. U.S. mailing address or phone number.
7. An 'in care of' or 'hold mail' address that is the sole address for the account.

8. A shareholder / partner with applicable indicia for individuals, and owns 10% of the company's shares / ratio of partnership.

How to comply with FATCA?

If you exhibit any of the FATCA indicia, Bank of Palestine will contact you and inform you about the mechanism of compliance with the Act. You will be provided with a grace period of thirty days, in which you are required to sign the forms prepared by the U.S. Internal Revenue Service (IRS) regarding (W-9 / W-8BEN / W-8BEN-E), in addition to signing the Authorization to Disclosure and Inquiry Release. You may be requested to provide additional documents in case there are any changes to the requirements of the Act in the future.

If you do not report to the Bank about any of the indicia (previously mentioned), yet they apply to you, then these instructions are considered as a notification to you to visit any of the Bank's branches, or contact the Bank to complete the procedures for compliance with the Act.

What does your compliance with FATCA entail?

Compliance with the Act indicates your confirmation that you did not violate the tax laws adopted in the United States and confirms that you are not committing tax evasion. The Bank will report your account's information to the IRS, including, but not limited to: name, address, U.S. tax number or social security number, account number, and existing balance.

What does failure to compliance with FATCA entails?

If the period provided to you is over without signing all required forms to comply with FATCA, and without the provision of the requested documents in this regard, or if you state that you refuse to sign any of the requested forms, or refuse to provide the requested documents, then Bank of Palestine will classify your account as "Recalcitrant" account. Bank of Palestine will prevent any banking transfers related to the account, and will request its closure. Recalcitrant accounts and its balances will be reported to the IRS, and any other local relevant tax authorities.

Want to know more about FATCA?

You can find more information about FATCA, and IRS forms for compliance with the Act, through IRS's website, which includes all the information related to the Act:

- Information related to FATCA on IRS's website: www.irs.gov/fatca.
- W-9 form for U.S. individuals and institutions: www.irs.gov/w9.
- W-8BEN form for non-U.S. individuals with U.S. indicia: www.irs.gov/formw8ben.
- W-8BEN-E' form for non-U.S. institution, with U.S. indicia, or non-U.S. institution that one of their shareholders / partners are U.S. citizens: www.irs.gov/formw8bene.

If you have other inquiries about FATCA and the forms required for signature, please seek professional consultation from a specialized tax advisor, as Bank of Palestine is not qualified to provide consultations in this regard.