

FATCA FAQ

1. What is FATCA?

- FATCA stands for the Foreign Account Tax Compliance Act.
- The aim of the Act is to counter tax evasion in the United States of America (US) by US persons, and to encourage better tax compliance by preventing US Persons from using foreign banks and other overseas financial organisations to avoid US taxation on their income and assets.
- In the UK this is being implemented by way of an Inter-Governmental Agreement (IGA) between the US & UK, including subsequent IGAs covering exchange of information between the UK & Crown Dependencies(CD) and Overseas Territories (OT).

2. What is the impact of FATCA?

- Banks and other Financial organisations will be required to report information on financial accounts held directly or indirectly by “Specified Persons” (for definition please see Q6 and Q7), on an annual basis
- Quilter Cheviot is taking the necessary actions to comply with FATCA.
- This includes a review of our existing client base to confirm the requirements of our clients; this may necessitate having to contact clients for further information and documentation.

3. Is Quilter Cheviot the only financial institution to be affected by FATCA?

- No. All banks and other financial organisations are affected by FATCA, however their approach to adopting FATCA may differ.

4. How do I know if I am affected?

- FATCA legislation will affect both personal, corporate and other client entities that are treated as a ‘Specified Persons’.

The term ‘Specified Persons’ includes (but is not limited to):

- A citizen of the US, including an individual born in the US but resident in another country (who has not given up their US citizenship)
- A person residing in the US (including US green card Holders) or a person residing in one of the Crown Dependencies or Gibraltar
- Certain persons who spend a significant number of days in the US each year
- Corporations, Partnerships and trusts residing in the US, a Crown Dependency or Gibraltar

For more information regarding FATCA, please visit the HMRC website or contact your tax professional.

5. Is FATCA applicable to personal or business clients?

- FATCA legislation will impact both personal and business clients who hold an account
 - If you are an individual client, please refer to Q6 through to Q12
 - If you are not a personal client, please refer to Q13 onwards

Individual Clients

6. I am a private client, does FATCA affect me?

- If your account details include any of the following you may be affected:
 - US place of birth
 - US or CD or Gibraltar address including PO boxes
 - US telephone number
 - Repeating payment instructions to pay amounts to a relevant address or an account maintained there.
 - Current Power of Attorney or signatory authority granted to a person with a relevant address
 - "In Care Of" or "Hold" mail address which is the sole address for the account holder
 - We have reason to believe that you are a US person

If your account contains any of the above details, Quilter Cheviot may request further information or documentation to determine if you are a "Specified Person" under FATCA.

7. I am resident in a Crown Dependency or Gibraltar. Am I affected by FATCA?

- Yes, the IGA between the UK and the Crown Dependencies (CD) is reciprocal and we will be required to report on Specified Persons of Jersey, Guernsey or the Isle of Man to HMRC.

8. What does FATCA mean for me if I am a 'Specified Person'?

- If you are considered a "Specified Person", you may be asked to supply Quilter Cheviot with additional information or documentation.
- If you have any connection with the US you may wish to visit the IRS website to determine if you need to complete and submit any additional forms. Quilter Cheviot will be required to report information about you and your account to HMRC on an annual basis.
- Whilst we will correspond with affected clients in due course, we are not permitted to offer any advice relating to FATCA and we recommend that if you have any concerns you contact a professional tax adviser to discuss your personal tax situation.

9. What does FATCA mean for me if I am not a "Specified Person"?

- For most clients, FATCA will have minimal impact, and there will be no action required.
- However, Quilter Cheviot may still contact you to confirm your status as a Specified Person if we have found indications to believe you are potentially a Specified Person for FATCA purposes (see 6 above).

10. Does FATCA replace existing US, CD or Gibraltar tax rules that I already follow?

- FATCA does not replace the existing US, CD or OT tax regimes.
- It may however add additional requirements and complexity to the existing tax rules you may already follow.
- If you are concerned by this, we recommend you contact a professional tax advisor to discuss your personal tax situation.

11. What happens if a joint account is held by a "Specified Person" and a non-specified person?

- A joint account which has one "Specified Person" owner is treated as a Specified Account and therefore the entire account is subject to the FATCA legislation.

12. How frequently will I have to provide information for FATCA purposes?

FATCA is an on-going process. If you advise us of relevant account changes, we may be required to contact you to obtain additional information so that we are able to update your account classification under FATCA.

13. What information will Quilter Cheviot report to HMRC?

- The information reported to HMRC will depend on the FATCA classification of the client account.
- This information will typically be of a personal nature (for example, Name, Address, Taxpayer Identification Number), and of a financial nature (e.g. Account number, Account balance/Value and in later years, income arising from the account).

Corporations, Trusts and other entity clients

14. Are “FAs” caught by FATCA as financial institutions?

Where FAs act in an advisory-only capacity and they do not have any form of legal ownership, the FA will not need to report on any Financial Accounts they advise on.

15. Am I only affected if I am a US, Crown Dependency (CD) or Gibraltar resident entity?

- No.- the impacts of FATCA are wider than just those entities resident in the counties with UK Inter-Governmental Agreements.
- Globally, clients will need to determine their status under FATCA.
- Our aim is to identify clients which are reportable under FATCA. We will be communicating with clients who may need to take further action.

16. I am responsible for a not for profit organisation. Will it have any reporting requirements under FATCA?

- Charitable trusts, pension funds and most other tax exempt or non-profit organisations are excluded from the reporting requirements.

17. Will a pension fund be affected by FATCA?

- A UK registered pension fund (including SIPPs) is deemed to be an exempt beneficial owner and is therefore not subject to FATCA registration, due diligence or reporting.

18. What do I need to do as an entity client?

- For us to establish your tax status under FATCA, we may need you to provide additional information or documentation.
- We will be communicating with affected clients that need to complete these forms detailing when they will need to be completed by.

19. I look after a trust. Will this be affected by FATCA?

- You will need to clarify if you are considered a Financial Institution and required to register direct with the IRS and provide annual reporting to HMRC under FATCA.
- **Please note that many trusts that have not previously been required to provide annual reporting may be required to do so under the FATCA regime** by virtue of the fact that they meet the criteria of an Investment Entity as defined in the FATCA Guidance Notes.



- A UK trust meets the Investment Entity criteria (and therefore will be considered a Financial Institution) where its gross investment income equals or exceeds 50% of the trust's total gross income and we manage the trusts' assets on a discretionary basis.
- Additionally, a trust will be regarded as an Investment Entity where a trustee of the trust is itself a Financial Institution, for example a professional trustee company.

20. I look after a small trust which I believe is considered to be a Financial Institution under FATCA. Do I really have to register with the IRS and provide annual reports to HMRC?

- Where a trust meets the criteria of a Financial Institution the trust can certify itself to us as an "Owner-Documented" trust.
- Under this alternative we will undertake all FATCA due diligence and reporting requirements on behalf of the trust and there will be no requirement for the trust to register directly with the IRS.
- As part of the existing entity due diligence process, forms will be sent out by Quilter Cheviot in the coming months that will allow trust clients to elect for this alternative where it is appropriate.

21. I deal with a relatively small organisation but I don't fit the criteria to become 'Owner-Documented'. Is there any other way I do not have to register with the IRS and annually report to HMRC?

- Yes, if you can identify someone who is prepared act on the organisation's behalf in the capacity of a sponsoring entity.
- Quilter Cheviot will consider offering this service to you but it is dependent on the individual circumstances of the organisation.

Under this alternative we will undertake all FATCA due diligence and reporting requirements on behalf of the organisation and there will be no requirement for you to register directly with the IRS.

- As part of the existing entity due diligence process, forms will be sent out by Quilter Cheviot in the coming months that will allow clients to elect for this alternative where it is appropriate.

22. I believe I may be a UK Financial Institution and I will need to register. When does this have to be done by?

- The IRS deadline for registration before the year end is 22nd December 2014.

23. Does FATCA replace existing tax rules I already follow?

- FATCA does not replace the existing tax regimes, it may however add additional requirements and complexity to the existing tax rules you may already follow.
- Should you need further advice on your tax status or FATCA classification, you should contact a professional tax advisor.

24. Why have other advisors asked for different documentation from Quilter Cheviot?

- The way in which Financial Organisations collect information from their clients to confirm their tax status under FATCA may vary.
- This may mean that in some instances you are asked for different documentation.
- Quilter Cheviot cannot offer advice on your FATCA tax status or classification.
- If you need further support you should visit the IRS or HMRC website or contact a professional tax advisor.

25. How frequently will I have to provide information for FATCA purposes?

- FATCA is an on-going process. If your account information changes, we may be required to contact you to obtain additional information or documentation so that we are able to update your account classification under FATCA.

26. Under what circumstances would Quilter Cheviot need to report information about my account to my local tax authority or to the IRS?

- Quilter Cheviot will be required to report information to HMRC on all accounts held directly or indirectly by Specified Persons.
- Quilter Cheviot will not be reporting directly to the IRS.
- In addition, Quilter Cheviot may also need to report information about clients who do not provide the required documentation to us.

27. What information will Quilter Cheviot report to HMRC?

- The information reported to HMRC will depend on the FATCA classification of the client.
- This information will typically be of a personal nature in relation to the substantial specified owners of a business or trust (for example, Name, Address, Taxpayer Identification Number), and of a financial nature (e.g. Account number, Account balance/Value and in due course income arising therefrom).

28. What types of information and/or documents can I expect to supply to Quilter Cheviot?

- We will be communicating with the affected clients and provide full details of the information or documentation Quilter Cheviot needs for FATCA purposes.

General

29. Are those shares held in my own name deemed to be Financial Accounts?

- No, the definition of a Financial Account does not extend to own name shareholdings.

30. What happens with Deceased Accounts?

- These are not treated as Financial Accounts and are not reportable provided we have received a formal notification of the account holder's death (for example a copy of the death certificate).

31. Will Quilter Cheviot supply me with all the forms I need to complete?

- Yes, if you have determined that you are not required to register and report under FATCA in your own right and Quilter Cheviot requires further information from you we will send you the relevant forms.

32. When do I have to provide the requested information and/or documentation for FATCA?

- In general, clients should supply the requested documentation and information by the date contained within the communication.

33. What happens if I do not respond to a request for FATCA information or documentation from Quilter Cheviot?

- The account will be treated as reportable if you do not respond within 90 days after the request.



34. What do I need to do if I am affected by FATCA?

- We will correspond with affected clients in due course.
- For more information regarding FATCA, please visit the IRS and/or HMRC website, or contact your professional tax adviser for advice.

35. What if I have more than one account with Quilter Cheviot?

- Although we will try to avoid duplication, you may receive more than one request for documentation if you have multiple relationships with Quilter Cheviot. This may be the case if you act as a trustee for more than one trust under our management.
- It is important that you respond to all requests, even if you believe you have already supplied the requested information.

Glossary

Foreign Financial Institution (FFI)

FFI is the abbreviation for Foreign Financial Institution. It refers to a non-US Financial Institution. The FATCA legislation contains an extensive definition of FFI and includes entities such as banks, custodian institutions, investment funds and certain types of insurance companies.

Inter-governmental agreement (IGA)

An IGA is an agreement between the two governments to build FATCA compliance into the country's legal framework so that the country can implement FATCA.

Internal Revenue Service (IRS)

The IRS is the United States government agency responsible for tax collection and tax law enforcement.

Her Majesty's Revenue and Customs (HMRC)

The UK government department responsible for tax collection and tax law enforcement

Non-Financial Foreign Entity (NFFE)

A NFFE (Non-Financial Foreign Entity) is a non-US incorporated/established entity that does not meet the definition of an FFI and includes:

- Listed or privately held operating or trading businesses
- Professional service firms
- Certain entities with a financial services profile or management
- Charitable organisations

Tax Identification Number (TIN)

A US IRS specific term: Tax Identification Number. For an individual this would be their US social security number, for an entity their employer identification number.

Specified Person

The term specified person means any individual or entity who is a citizen of the US or resident in the US, Crown Dependency or Overseas Territory other than:

- A. a corporation the stock of which is regularly traded on one or more established securities markets for a calendar year;
- B. any corporation which is a member of the same expanded affiliated group as a corporation the stock of which is regularly traded on one or more established securities markets for the calendar year;
- C. any organisation exempt from taxation under local tax law or an individual retirement plan;
- D. a relevant government of state agency or any wholly owned agency or instrumentality thereof;
- E. any real estate investment trust;
- F. any regulated investment company, or any entity registered with the Securities Exchange Commission under the Investment Company Act of 1940,
- G. any trust that is exempt from tax or is deemed a charitable trust;
- H. a dealer in securities, commodities, or derivative financial instruments that is registered as such under local laws;
- I. any tax exempt trust under a tax exempt annuity plan or governmental plan.

Crown Dependencies

The Bailiwicks of Jersey and Guernsey in the English Channel and the Isle of Man in the Irish Sea.

British Overseas Territories

The British Overseas Territories which have currently signed IGAs of one form or another include Gibraltar, Cayman Islands, Bermuda, Montserrat, Turks and Caicos, British Virgin Islands & Anguilla.