



Jamaica Bankers
ASSOCIATION

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FATCA FAQs

The Jamaica Bankers' Association (JBA) and its members have compiled these frequently asked questions to inform our customers about the introduction of FATCA.

Note: The information below is provided only as an overview for information purposes. It is not intended to serve as legal or tax advice. If you require such advice, you should consult a professional advisor.



FATCA FAQs



What happens if I refuse to answer FATCA-related questions or complete FATCA related forms?

If you do not wish to provide the information required, the financial institution may not allow you access to certain products or services. Your banking relationship may also be terminated. Additionally, there would be reporting of the account(s) as recalcitrant.

Financial institutions understand that this may be frustrating for customers; however, the need to collect certain information is required by local banking and tax regulations under the agreement entered into by the Jamaican and US Governments.



Does FATCA apply only to personal bank accounts?

No. FATCA applies to many other types of financial accounts, including certain business accounts, as well as some insurance contracts, and investment or brokerage accounts.



I have an account in US dollars. Does this mean my account will be reported?

No. The currency of your account doesn't matter. The determination of "reportable accounts" is based on your US tax status and the type of account that you hold. Additionally, should you refuse to provide your financial institution with the requested documentation and information, your account information will be reported.





What is a "US person"?

If you want help in determining if you are a "US person" (or anything else about your US tax status), we suggest that you speak with a professional tax advisor.

In general, what determines whether a person or a business is a "US person" includes (but is not limited to):

- US citizenship (including persons born in the US but resident in another country)
- being a lawful resident of the US (including a green card holder)
- qualifying as a US corporation, estate or trust

In addition, you may also be considered a "US person" for tax purposes if you spend long periods of time in the US every year. The US IRS provides information on the rules applicable to non-US citizens here:

<http://www.irs.gov/Individuals/International-Taxpayers/Alien-Taxation---Certain-Essential-Concepts>

When does FATCA take effect?

FATCA and, in some countries like Jamaica, related local regulations take effect in stages. On July 1, 2014, financial institutions began to:

- Use new account opening procedures to determine if the account holder is a "US person"
- Review existing accounts to identify which ones are "reportable accounts".

How will "reportable accounts" be determined?

Under the IGA, Jamaican financial institutions will be required to review new and existing client accounts to look for any indication that an individual may be considered a US person. Indicators that someone may be a US person include: US identification used to open an account or a US address associated with the account.

Your financial institution may ask you to sign forms to certify that you are not a US person and require that you provide additional documentation. If you choose not to sign the forms and/or provide the additional documentation upon request, your financial institution will be required to send your account information to the TAJ for onward submission to the IRS, whether or not you are in fact a US person.



What does FATCA mean for me?

If you are not classified as a "US person" or there does not exist any uncertainty about you not being a "US person", FATCA should not significantly affect you. We do not expect FATCA to have a significant impact on the majority of our members' customers.

How will FATCA affect me if I am a "US person"?

If you are a "US person", you may be asked by your financial institution to complete an IRS W 9 form (Request for Taxpayer Identification Number and Certification) for their records.

In addition, your financial institution may be required to provide annual reports on your account to the TAJ, in accordance with the FATCA IGA.

Can a financial institution give me tax advice related to FATCA?

No. Financial institutions would not provide tax advice. If you want advice on how to respond to questions and requests related to FATCA, please speak with a professional tax advisor.

How will my privacy be protected?

The Laws of Jamaica governing the financial industry have strict privacy and protection conditions for client information. Therefore, reporting will take place within the constraints of what is required by those laws.



What is FATCA?

The Foreign Account Tax Compliance Act (FATCA) was signed into law by the United States of America (US) in March 2010. Its intention is to prevent US taxpayers from using financial accounts outside of the US to evade taxes. FATCA will require financial institutions in countries such as Jamaica to report annually on "reportable accounts". This reporting will include information on account balances/values and credits or lodgements to the account (including interest and dividends).

Why are Jamaican financial institutions complying with FATCA?

Non-compliance by most financial institutions globally would result in very serious consequences. On May 1, 2014, the governments of Jamaica and the US signed a FATCA Inter-Governmental Agreement (IGA). The IGA requires Jamaica to put in place a legal framework to facilitate the sharing of information consistent with the objectives of FATCA. Therefore, Jamaican financial institutions will be required to comply with FATCA-related obligations within the terms set out under the IGA.

The IGA provides for information required by the US Internal Revenue Service (IRS) under FATCA to be transmitted from local financial institutions to Tax Administration Jamaica (TAJ), who will then pass the information on to the US IRS.

What are "reportable accounts"?

"Reportable accounts" are personal accounts and non-personal accounts (such as business accounts) held at Jamaican financial institutions by:

- one or more "US persons"
- organisations where one or more "US persons" are owners or hold a controlling interest in the organisation.

However, under the FATCA IGA, certain accounts are exempt from FATCA reporting. You may wish to speak with a professional tax advisor to confirm whether an account you have at a Jamaican financial institution is a "reportable account".



How are joint accounts handled under FATCA?

If at least one of the joint owners qualifies as a "US person", the account will be subject to the same reporting rules that apply to an account that is owned by a single "US person".

Are banks in all countries complying with FATCA?

Globally, most large financial institutions intend to comply. Because of the significant risks of non-compliance to the financial institutions and their customers, it is unlikely that many financial institutions will decide to not comply.

Is this type of reporting new?

No, this is not altogether new. In some countries, reporting of account activities to local tax authorities has long been legally required at some level. In addition, reporting across country borders regarding certain financial transactions has been required for many years. FATCA simply builds on these existing financial reporting requirements by adding new types of information to the list of what must be reported.

Where can I go for more information?

DETAILED INFORMATION ON FATCA CAN BE FOUND AT WWW.IRS.GOV/FATCA

DISCLAIMER: Although all due care was taken in the creation of these answers, The Jamaica Bankers' Association will not accept any liability as a result of any error or inaccuracy. If you think that FATCA may apply to you, you should consult appropriate tax or legal counsel.

