

About FATCA

General information

1. What is FATCA?

FATCA (Foreign Account Tax Compliance Act) is the acronym for the USA law which require foreign financial institutions (other than the financial institutions registered in US) to report US customers that are living abroad to the US fiscal Authority (IRS – Internal Revenue Service).

According to FATCA provisions the foreign financial institution must:

- identify and obtain information regarding the customers that can be classified as US customers based on specific criteria generically named “US indicia”. This information is necessary to establish which type of US customers are subject to reporting.
- Annually report the customers that are subject to reporting.

2. What is the aim of FATCA?

FATCA aims to prevent tax evasion by the US persons by using accounts opened at financial institutions abroad or by using offshore financial instruments.

3. Since when FATCA applies?

FATCA requirements will apply from July 1, 2014.

4. To whom FATCA requirements apply?

FATCA requirements will apply to U.S. customers (individuals or legal entities controlled by U.S. citizens), whether it is inside or outside of U.S. borders. Foreign financial institutions ("FFI") will be the most affected as they will have to comply with FATCA requirements. If a financial institution decides not to comply with FATCA requirements will apply a 30% withholding for certain transactions.

5. Can be an U.S. law mandatory for Romania?

Romania, like most of the European countries, decided to conclude an intergovernmental agreement ("IGA") to facilitate the implementation of FATCA requirements. For further details, please visit the following link: <http://www.mfinante.ro/acordfatca.html?pagina=domenii>.

6. Is TBI Bank EAD Sofia Bucharest Branch more stringent in applying FATCA requirements than other banks?

No. FATCA requirements apply to all financial institutions outside the U.S. (foreign financial institutions - "FFI") and other financial intermediaries, where they have decided to apply the provisions of FATCA. Moreover, Romania is in the stage of negotiation of intergovernmental agreement so that all entities falling under FATCA registered in Romania will comply. Customers identified as U.S. persons will be reported to the IRS since 2015.

7. What information will be reported to the IRS?

More details on reporting will be available after signing IGA by the Romanian Government and the U.S. Treasury. For further details, please visit the following link: <http://www.mfinante.ro/acordfatca.html?pagina=domenii>.

8. Which is the withholding tax system according to FATCA?

FATCA introduces as sanction an withholding tax system of 30% for the non-participating financial institutions.

TBI Bank EAD Sofia Bucharest Branch will comply with FATCA. As a result, our clients will not be sanctioned with the 30% withholding tax.

9. What US indicia mean?

US indicia are information provided by the customers that could lead to the classification of individuals or legal entities owned / controlled by a shareholder / beneficial owner as a U.S. person. These indicia include:

- U.S. Citizenship or U.S. permanent residency (this includes holding a Green Card that allows to stay in the U.S.)
- Place of birth is U.S.,
- Current address (domicile, residence, mailing address) is in the U.S.
- The only address is a post-address assisted outstanding,
- An US phone number,
- A power of attorney or signature authorization granted to a person with an U.S. address (domicile, residence, mailing address),- Standing instructions to transfer funds from one Bancpost account to an US account. The identification of such indicia will not lead to immediate classification as U.S. person but it will be necessary to confirm the information by submitting a document at the bank's request. The document will be presented within a reasonable time frame communicated also by the bank.

10. When you are considered a U.S. person?

You are considered a U.S. person if: a) you are U.S. citizen; b) you are a U.S. permanent resident; c) hold a Green Card issued by the U.S.

You are U.S. citizen if: (i) you were born in the U.S.; (ii) you have obtained U.S. citizenship.

The list of criteria indicated above is not complete. For more details please visit the website www.irs.gov and check if you are subject to the status of U.S. Person and/or U.S. resident for tax purposes.

11. What W-9 form means?

Form W-9 is used exclusively by U.S. Persons

12. What W-8BEN form means?

Form W-8BEN aims to identify non-US beneficial owners of accounts and transactions.

It is used exclusively by individuals. Legal entities should use **Form W-8BEN E**.

13. What W-8BEN E form means?

Form W-8BEN E aims to identify the legal entities or foreign financial institutions (FFI) outside the U.S. that are beneficial owners, of accounts or transactions. It is used exclusively by legal or foreign financial institutions. Individuals must use **Form W-8BEN**.

14. What Non-Financial Foreign Entity („NFFE”) means?

A "NFFE" is a legal entity outside U.S. that is not a financial institution. There are two NFFE categories:

- Active NFFE are entities involved in trading assets or business (manufacturing, industry, non-financial services, etc.) where less than 50% of gross income in the previous year is passive. This is a FATCA status.

Example: A sausage factory that has no other income other than that from this activity.

- Passive NFFE have a passive income that exceeds 50% of gross income (such as dividends, interest, rents, royalties, annuities). This is a FATCA status.

Example: A company has diversified business area and achieves higher revenues from financial investment than the main business activity declared.

15. Intends TBI Bank EAD Sofia Bucharest Branch not to accept U.S. individual customers because of FATCA requirements?

U.S. persons are and will continue to be welcome at TBI Bank EAD Sofia Bucharest Branch as long as they agree to comply with FATCA requirements.

16. I am a TBI Bank EAD Sofia Bucharest Branch customer and I was contacted by the bank because I have provided identification information similar with US indicia. Am I bound to provide the requested documents by the bank for clarification purposes?

It is recommended to provide the requested documents to clarify your situation. If you are not filling in the proper forms, you will be considered an undocumented client under FATCA. TBI Bank EAD Sofia Bucharest Branch will report your accounts.

17. I have no connection with the U.S., but I have an empowered person on my account that has an U.S. address. How does this affect me?

The authorization may be granted through a power of attorney or by including an individual authorized signature. These rights may be granted to a person with U.S. address (domicile, residence, mailing address). Granting rights to a person with U.S. address means that there will be US indicia on that account. The account will be considered an U.S. reportable account. As result, it will be reported to the IRS (or the competent local authorities reporting to the IRS), unless the provided documentation, requested by the bank stating the opposite, that the U.S. indicia are not confirmed.

18. I appreciate that the information from TBI Bank EAD Sofia Bucharest Branch database are not updated and I have no connection with the United States. What can I do to fix this situation?

In this case you are welcome in one of TBI Bank EAD Sofia Bucharest Branch branches to clarify the situation.

19. I have a Romanian and U.S. passport but I live and work in Romania and I use my U.S. passport only for travel to the U.S. for business or holiday. Am I considered U.S. person?

Yes. You have dual citizenship, Romanian and American. Therefore you are considered U.S. person.