



**FATCA - A FACT YOU CANNOT AFFORD TO IGNORE.**

**FATCA**

# GLOSSARY

<b>FATCA</b>	Foreign Account Tax Compliance Act
<b>FFI</b>	Foreign Financial Institution. An FFI is defined as any non-U.S. 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.
<b>Participating FFI</b>	An FFI that enters into an agreement with the IRS to undertake certain due diligence, withholding and reporting requirements for US account holders.
<b>NFFE</b>	<p><b>A NFFE is a non-US incorporated/established entity that does not meet the definition of Foreign Financial Institution (FFI) and includes:</b></p> <ul style="list-style-type: none"> <li>• Listed or privately held operating or trading businesses</li> <li>• Professional services</li> <li>• Charitable organisations</li> </ul>
<b>US Account</b>	Any financial account held by specified US Persons or US Owned Foreign Entities.
<b>Financial Account</b>	Depository or custodial account, cash value insurance products and any equity/debt interest in an FFI, other than interests that are regularly traded on an established securities market.
<b>US Citizen</b>	<p><b>The term 'United States citizen' means:</b></p> <ul style="list-style-type: none"> <li>• An individual born in the United States</li> <li>• An individual whose parent is a US citizen</li> <li>• A former alien who has been naturalized as a US citizen</li> <li>• An individual born in Puerto Rico</li> <li>• An individual born in Guam, or</li> <li>• An individual born in the US Virgin Islands</li> </ul>
<b>Substantial US Owner</b>	A US person with more than a certain % of interest (Depending on the AML/KYC jurisdiction requirements: eg. in South Africa this % is 25%) by vote or value in a foreign corporation, partnership or trust. For foreign investment vehicles, any percentage of ownership is reportable.
<b>US Foreign Owned Entity</b>	Foreign entity with one or more substantial US owners.
<b>US Indicators</b>	<p><b>Any of the following may indicate US status:</b></p> <ol style="list-style-type: none"> <li>1. US citizenship or permanent residence</li> <li>2. US address (resident or correspondence)</li> <li>3. US place of birth</li> <li>4. US telephone number</li> <li>5. Power of Attorney or signatory authority granted to person with US address</li> <li>6. Standing instructions to transfer funds to account maintained in the US</li> </ol>

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<b>Pre Existing Account</b>	Financial account opened prior to 1 July 2014.
<b>Qualified Intermediary</b>	Foreign Financial Institution or clearing organisation or foreign branch of a US bank or clearing organisation that has entered into an agreement with the IRS to take on certain information reporting and withholding responsibilities for payments of US source income that it receives as a custodian.
<b>Withholding Agent</b>	All persons having control, receipt, custody, disposal or payment of any withholdable payment.
<b>Withholdable Payments</b>	<b>Any of the following:</b>  a) US source dividends, interest and other periodic payments b) Gross proceeds from the sale of property that can produce a US source income c) Deposit interest paid by foreign branches of US banks
<b>FDAP Payment</b>	Payment that is fixed or determinable, annual or periodic US source passive income.
<b>Pass-through Payment</b>	Any withholdable payment or any payment to the extent "attributable to" a withholdable payment.
<b>KYC</b>	Know Your Customer regulations which require financial institutions to implement due diligence policies to check the identity, background and source of wealth of their potential and existing clients.
<b>IGA</b>	<b>Intergovernmental Agreement</b> An IGA is an agreement between the United States of America and specific countries to build FATCA compliance into the country's legal framework so that the country can implement FATCA. An IGA will require financial institutions to provide the information on US accounts which they hold either: <ul style="list-style-type: none"> <li>• Directly to the IRS</li> <li>• To the local tax authority of the resident country</li> </ul>
<b>Grandfathered Obligations</b>	Debt/interest obligations outstanding as of 1 July 2014 excluded from FATCA withholding requirements.
<b>GINN Number</b>	Global Intermediary Identification Number. All Participating FFI's need to register with the IRS to obtain a GINN number.
<b>TIN</b>	Tax Identification Number
<b>Deemed Compliant FFI</b>	<b>An FFI that is exempt from withholding without entering into an IRS agreement. There are two types:</b>  1. <b>Registered deemed-compliant</b> – an FFI that registers with the IRS to declare its status. Includes certain local banks, non-reporting members of participating FFI groups, qualified collective investment vehicles, restricted funds, and FFIs that comply with FATCA requirements under an agreement between the US and a foreign government. 2. <b>Certified deemed-compliant</b> – an FFI that is not required to register with the IRS and certifies its status by providing a withholding agent with a valid Form W-8. Includes non-registered local banks, retirement plans, non-profit organisations, FFIs with only low-value accounts, and certain owner-documented FFIs.
<b>Non-Participating FFI</b>	An FFI that does not enter into an agreement with the IRS in the US and is not deemed compliant or excepted.

