

FATCA FAQs

The Foreign Account Tax Compliance Act (FATCA) was signed into law by U.S. President Barack Obama in March 18, 2010 as part of the Hiring Incentives to Restore Employment (HIRE) Act. The goal of this US Tax Law is to improve tax compliance involving U.S. Persons with foreign financial assets and offshore accounts.

1. What is FATCA?

It is a U.S. tax law applicable to "U.S. Persons" regarding their bank accounts and investments maintained outside the U.S.

2. Who is a "U.S. Person"?

The following are considered as "U.S. Persons":

- A person holding a U.S. passport
- A person holding U.S. Citizenship (sole or dual)
- A person holding a U.S. Green Card
- A resident of the U.S.
- A person born in the U.S.
- A non-U.S. citizen who has a substantial presence in the U.S.
 - Substantial presence is defined as over 31 days in current calendar year or 183 days out of the 3 years period prior to the current tax year
- A U.S. tax payer for any other reason

Moreover, the U.S. FATCA law also applies to *US Indicia*. The following are considered as *US Indicia*.

Individual Clients or Sole Proprietors:

- A resident of the U.S.
- A person born in the U.S.
- A person with a U.S. telephone number
- A person with standing instructions to pay amounts to an authority maintained in U.S.
- A person with a current power of attorney or signatory authority granted to a person with a U.S. address
- A person with an "in care of" or a "hold mail" address that is the sole address identified for the account

Legal Entities such as:

- A U.S. entity
- An entity with a U.S. residence
- An entity with a U.S. telephone number
- An entity with a current U.S. address or U.S. mailing address
- An entity with standing instructions to pay amounts to an authority maintained in U.S.

- An entity with a current power of attorney or signatory authority granted to a person with a U.S. address
- A entity with an "in care of" or a "hold mail" address that is the sole address identified for the account

3. How does FATCA affect me?

In compliance with this U.S. law, **all banks worldwide** are to submit mandatory regulatory reports to the U.S. Internal Revenue Service (IRS). These reports contain the updated basic information about bank clients who are U.S. Persons which include the following: full name/business name, address and Tax Identification Number (TIN) – specifically (a.) for individual clients or sole proprietors, Social Security Number (SSN), or (b.) for other legal entities, Employer Identification Number (EIN).

PNB, like all Philippine banks, is also required to seek the permission only from our clients that qualify as U.S. Persons to disclose the required information of the U.S. Person accounts. This is key in order to ensure that the records of our clients with the U.S. IRS are complete and accurate and, more importantly, so as to avoid penalties that the U.S. IRS may impose on the accounts of our clients.

In order for the Bank to accomplish these mandatory regulatory reports, PNB will ask its clients to simply fill-out the mandatory forms. Upon the completion of these forms, the Bank will be able to comply with the U.S. law and successfully prevent the U.S. IRS from imposing a **30% withholding tax penalty** on the interest income of the deposit accounts and/or the investment assets of our clients with the Bank.

4. What are the forms that need to be completed?

▪ **"W-9" Form**

For the Bank to be able to complete its mandatory regulatory reports to be submitted to the U.S. IRS, the Bank will be asking our clients who are considered U.S. Persons to fill-out the "W-9" Form.

To complete the "W-9" Form, you must simply provide accurate and complete information regarding your full name or business name, address and Tax Identification Number (TIN) – specifically (a.) for individual clients or sole proprietors, Social Security Number (SSN), or (b.) for other legal entities, Employer Identification Number (EIN).

▪ **"W-8 BEN" Form**

In case you want to confirm that you are not a U.S. Person (i.e. you have a U.S. address but do not possess a U.S. passport or a Permanent Resident Card), the client will be asked to accomplish the "W-8 BEN" Form.

- **The Bank Certification, Consent and Waiver**

After filling-out either the "W-9" or "W-8 BEN" Form, please complete and sign the Bank Certification, Consent and Waiver.

In order for PNB to adequately protect your assets in the Bank, simply complete and sign the following form that will certify that you are granting your permission to the Bank to ensure that your account information is properly disclosed to the U.S. IRS for PNB to be in compliance with the U.S. FATCA Law.

5. What will happen if I don't complete the mandatory forms?

Upon the completion of these forms, PNB will be able to protect your assets in the Bank and will not be required to unnecessarily subject your account to the penalty of **30 % withholding tax on the interest income of your deposits and investments**, which the Bank must remit to the US IRS as stipulated in the US FATCA law.

For more information regarding FATCA, see IRS website at www.irs.gov/fatca.