

1. What is FATCA?

To avoid tax evasion of the U.S. tax residents and to improve tax collection the USA prepared a system which consists in obtaining information about potential U.S. taxpayers, creation of a global network of cooperating subjects and execution of penalty deductions from the selected transactions on basis of rules regulated in the U.S. law, in so-called FATCA.

Based on FATCA the global financial institutions will be obligated to collaborate with the Internal Revenue Service (hereinafter referred to as the "IRS") upon provision of data related with subjects which meet the conditions defined in FATCA. If financial institutions do not meet the FATCA requirements, their businesses in the USA will be subject to the 30% withholding tax. A similar 30% tax will be deducted also on transactions coming from such financial institutions which meet the specified FATCA conditions and will collaborate with the IRS. In this regard Tatra banka, a.s. (hereinafter referred to as "Tatra banka") also adjusted its processes to the FACTA regime as the bank operating in the territory of the Slovak Republic (hereinafter referred to as the "SR") which belongs to the countries that reached an agreement with the USA in fundamental issues of signing the international contract (Model IGA 1) of the FATCA regime. The inter-governmental agreement stipulates that Tatra banka will gather and provide data and information about the U.S. residents for tax purposes to the Financial Administration of the SR.

2. What will be the impact of FATCA on clients?

Annually, banks and other financial institutions will be obligated to detect and report data and information about accounts directly or indirectly owned by U.S. tax residents.

Raiffeisen Bank International Group (Tatra banka is a part of) committed to collaboration in this matter in all countries it operates in. This is the reason for us to review our client base to identify the U.S. tax residents for FATCA purposes and to request, in necessary cases, client collaboration for provision of further information.

3. How do I know if FATCA is relevant to me?

FATCA will affect individual clients and legal entities which will be identified in terms of the FATCA principles as the U.S. tax residents.

FATCA will also affect several types of enterprises with American owners. A U.S. tax resident is for instance:

- a U.S. citizen, including a person born in the USA, while being a tax resident in another country (in case they did not lose the U.S. citizenship),
- a person residing in the U.S.A., including persons owning green card,
- some persons whose residence in the U.S.A. exceeds a certain limit of number of days per year,
- business entities which are subject to the U.S. legislation.

4. When will the FATCA legislation be effective?

FATCA is effective as of 1 July 2014.

5. Is Tatra banka the only bank affected by the FATCA regime?

The FATCA regime will basically affect all world banks and financial institutions. However, their method of the FATCA regime implementation may differ. Those banks and financial institutions which will be bound by the FATCA regime (e.g. on basis of the inter-governmental agreement with the USA) will be obligated to identify and report relevant data about the U.S. tax residents to the IRS. Otherwise, assets of such banks and financial institutions will be placed in the USA, or those coming from the USA will be

subject to a separate withholding tax of 30%.

6. What steps will Tatra banka take to conform to the FATCA regime?

FATCA requires review of new and also existing clients and identification of the U.S. tax residents. Subsequently, data and information about such subjects must be reported to the IRS (revenue service of the USA). Reporting will fall within the scope of the Financial Directorate of the SR after the inter-governmental agreement with the USA is signed.

7. Am I subject to the FATCA regime only if I am a U.S. citizen?

No. The FATCA regime applies to every client who qualifies as a U.S. tax resident under some of the identified criteria, and that especially:

- USA citizenship or permanent residence – U.S. passport, green card
- USA address – permanent residence or mail address
- Place of birth – USA
- Address for service with a third person or with a bank, if being the only registered address of the client
- Power of attorney or authorisation to sign to a person with a U.S. address
- Standing order to transfer financial means to an account in the U.S.A.
- U.S. telephone number
- Business entities – registration in the USA, tax residence in the USA, etc.

8. How will FATCA affect me if I am a U.S. tax resident?

If you have been identified as a U.S. tax resident, Tatra banka will prompt you to provide further information, eventually to sign relevant documents.

9. How will FATCA affect me if I am not a U.S. tax resident?

FATCA has no affect on the majority of clients. If by any reason the issue of your FATCA status will be open, the bank will be entitled to ask you for collaboration.

10. What happens in case of a joint account of a U.S. tax resident and a person outside the FATCA regime?

A joint account which has one co-owner – USA relevant person is considered as an account which is subject to the FATCA regime as a whole.

11. How often will I have to provide information for the FATCA purposes?

FATCA is a continuous process. Basically, the bank may need information in case of occurrence of circumstances in relation to the account maintenance, which qualify the client and client's account for the regime that is subject to FATCA (see question no. 7).

12. What information will Tatra banka provide to the IRS, eventually the Financial Administration of the SR?

The type of information depends on client's classification. Generally, information scope includes personal data: name, address, tax identification number in the USA. Furthermore, financial data are provided: account number, account currency, account balance.

13. Does FATCA relate only to business entities from the USA?

No. FATCA relates also to business entities outside the USA, e.g. it relates to cases when an ownership structure of a non-American business entity comprises a U.S. tax resident which controls a certain business share.

14. What should I do if I am a corporate client?

Tatra banka may request additional information and documents from corporate clients in order to detect the status. Most often the documents will comprise a statement for Tatra banka or a completed IRS form.

15. I have accounts with two banks. Both banks require other documents from me.

The method which banks use to deal with the U.S. tax status of their clients may differ. Tatra banka is not authorised to advise its clients on tax status of FATCA. Basically it is required to follow bank instructions also in case of a seemingly duplicate request.

16. What accounts will be reported to the IRS or the Financial Administration of the SR in terms of FATCA?

The main aim of FATCA is to improve the ability of the IRS to fight against cross-border tax evasion in case of a U.S. tax residents with bank accounts abroad. The primary interest will focus on accounts in direct or indirect ownership of U.S. tax residents.

17. Will I get all the required forms from Tatra banka?

Yes. The client receives forms and instructions with a reference to websites to eventually download their electronic form.

19. What will Tatra banka do in case I refuse to provide collaboration?

If a client refuses to provide information or does not provide the required collaboration, the bank may denounce the contract with the client, eventually the bank may provide the IRS or the Financial Administration of the SR with information registered with the bank. In the extreme case the bank may be obligated to impose a withholding tax on payments from the USA.

20. How will I be affected by the fact that I fall within the scope of the FATCA regime?

In the upcoming months the bank will execute a review of client relationships with the aim to identify those that are subject to the FATCA regime. Please follow the IRS website or contact your tax advisor for more information. Tatra banka will ask you to provide it with information, fill in forms or declarations. The respective requests of the bank need to be responded to in an appropriate time.

Clarification of some terms

FATCA (Foreign Account Tax Compliance Act)

It is the act adopted by the USA to avoid tax evasion of its tax residents. It has territorial validity in the USA but it can become part of legislation of the partner country in form of an inter-governmental agreement entered into between the USA and the respective partner country. Such incorporation in the legislation of the partner country results in the obligation of financial institutions of the partner country to detect and report data and information about its clients (U.S. tax residents) to the IRS or the local tax administrator.

Foreign financial institutions

These are financial institutions like banks, management companies, some types of insurance companies, etc., which are bound by collaboration and obligation to detect and report data and information about the U.S. tax residents to the IRS or the Financial Directorate of the SR.

IRS forms

W-forms (English term withhold), i.e. "withholding forms" used in the USA for purposes of tax administration.

W-9 form (Request for Taxpayer Identification Number and Certification) is a request by which the account owner confirms the tax resident status in terms of the FATCA regime.

W-8 forms are for individual clients and business entities, confirming the exclusion from the tax resident status in terms of the FATCA regime.

IGA (Inter-governmental agreement) – inter-governmental agreement / contract

IGA is a kind of an inter-governmental agreement or contract to improve the observance of tax laws and implementation of FATCA, entered into by the USA and countries which acceded to performance of obligations ensuing from FATCA. By concluding such an inter-gov-

ernmental agreement the respective country covenants to obtain and provide data and information about U.S. tax residents to the tax authority of the USA (the IRS). The tax authority of the respective partner country (hence the SR) will be obtained from banks and financial institutions which are subject to local, usually tax administration (the SR).

IRS - Internal Revenue Service

Public authority of the USA at the tax administration section.

TIN - Tax Identification Number

TIN is an identification number for tax purposes used in the U.S. tax system. Depending on the particular tax payer, it can be a Social Security Number, and, for instance, an Employer Identification Number with business entities.

U.S. tax resident for FATCA purposes:

- a U.S. citizen, including a person born in the USA, while being a tax resident in another country (in case they did not lose the U.S. citizenship),
- a person residing in the U.S.A., including persons owning green card,
- some persons whose residence in the USA exceeds a certain limit of number of days per year,
- business entity established in the USA or in line with the U.S. legal regulations.

U.S. citizen:

- person born in the USA,
- person with a parent who is a U.S. citizen,
- former foreigner naturalized as a U.S. citizen,
- person born in Puerto Rico, Guam or in the United States Virgin Islands.

U.S. business entity:

- legal entity registered in the USA,
- legal entity with tax domicile in the USA,
- legal entity whose owner or end user of benefits is a U.S. resident for tax purposes.