

Important definitions with regard to Foreign Account Tax Compliance ACT (FATCA); Intergovernmental Agreements (IGAs); and the Common Reporting Standards (CRS) for Entities

A glossary of the terms used in reference to international tax compliance.

Term	Definition
GENERAL TERMS AND DEFINITIONS	
Account Holder	The term 'Account Holder' means the person listed or identified as the holder of a Financial Account by the Financial Institution (FI) that maintains the account. A person, other than a FI, holding a Financial Account for the benefit or account of another person as agent, custodian, nominee, signatory, investment advisor, or intermediary, is not treated as holding the account, and such other person is treated as holding the account.
Controlling Person	A Controlling Person means a natural person who exercises direct or indirect control over an entity. This includes the natural person on whose behalf a transaction is being conducted and those persons who exercise ultimate effective control by means of control other than direct control. For trusts this includes the settlor, the trustees, the protector, the identifiable beneficiaries or class of beneficiaries and other natural person exercising ultimate effective control over the trust. In the case of any other legal arrangement, Controlling Person means a person in equivalent or similar positions.
Entity	An Entity means a legal person or a legal arrangement other than a natural person such as a trust or company.
Financial Account	For the purposes of the IGAs, certain FIs are obliged to perform due diligence procedures on both pre-existing and new clients that hold or open a 'Financial Account' with the FI. A Financial Account is given a wide interpretation and is not limited to bank accounts but includes, for instance, interests in certain trusts and companies. Financial Accounts include Financial Accounts held in an Investment Entity, Depository Accounts and Custodial Accounts.
FI versus NFFE/NFE	Under the IGA and CRS, an entity can be classified as either a FI; as a non financial foreign entity (NFFE/ non-financial entity under the CRS (NFE)) (which in turn is classified as an active or a passive NFFE/NFE); or exempt from reporting. There are four categories of FIs: Depository Institutions, Custodial Institutions, Specified Insurance Companies and Investment Entities.
Non-Reporting FI	These are FIs which are treated as 'deemed compliant' for the purposes of United States (US) IGA and non-reporting under the CRS. Such institutions will not be obliged to undertake the required due diligence and reporting obligations applicable to US IGA or CRS.
Related Entity	An entity is a 'Related Entity' of another entity if either entity controls the other, or the two entities are under common control. For this purpose, control includes direct or indirect ownership of more than 50 % of the vote or (and for CRS purposes) value in an entity.
Reportable Account	A Reportable Account is a Financial Account which, after the due diligence requirements have been carried out, is seen to be held by a Specified US Person under the IGA, or by a Reportable Jurisdiction Person under the CRS.
Reporting FI	These are FIs that are obliged to undertake the required due diligence and reporting obligations applicable to FATCA/IGA or CRS.
Self-Certification	In order to fulfil their obligations under FATCA/IGA and the CRS, FIs are likely to send out Self Certification forms to their clients. This allows the FI to determine where the account holder is tax resident and hence whether or not is a Specified/Reportable Person and to obtain other relevant data.
Trustee-Documented Trust	<p>A trust will qualify as a Trustee Documented Trust, if it has a trustee which meets all of the following criteria:</p> <ol style="list-style-type: none"> 1. A trustee of a trust is any of the following: <ul style="list-style-type: none"> o US IGA purposes: <ul style="list-style-type: none"> – A Reporting US FI; – A Reporting Model 1 FI; or – A Participating Foreign FI. o CRS purposes: <ul style="list-style-type: none"> – A Reporting FI in a CRS Participating Jurisdiction. <p>and</p> 2. The trustee agrees to report all the required information with respect to the trust. <p>Under the US IGA, the trust itself is not required to register on the IRS portal. The trustee will register itself by virtue of being a FI but will not have to register the trust. There is no requirement to register under the CRS (neither for Trustee Documented Trusts nor for any other type of FI). In practice, all Crown Dependency resident trusts that are managed by a Crown Dependency regulated Trust Company Service Provider whether or not established in a Crown Dependency, may qualify as a Trustee-Documented Trust under the US IGA, provided the trustee meets the requirements set out above.</p>

Term	Definition
FATCA SPECIFIC TERMS AND DEFINITIONS	
FATCA	FATCA stands for Foreign Account Tax Compliance Act. FATCA is a legislation introduced by the United States Department of the Treasury and Internal Revenue Service (IRS). It requires FIs outside the US to report information on Financial Accounts held outside the US by US Specified Persons in FIs or held by Passive NFFEs controlled by US Specified Persons (Reportable Accounts).
Deemed Compliant Financial Institution (US IGA)	This status is reserved for a class of Foreign FIs that the IRS has deemed to pose a low risk of tax evasion. These Foreign FIs are treated as compliant for FATCA purposes and are not required to undertake all due diligence and reporting obligations as applicable under FATCA. There are two types of deemed compliant Foreign FIs (FFIs): certified deemed compliant FFIs and registered deemed compliant FFIs. The difference between these is that a registered deemed compliant FFI is obliged to register on the IRS FATCA Portal while the certified deemed compliant FFI is not.
Direct Reporting NFFE (US IGA)	A Direct Reporting NFFE means a NFFE which elects to report, and actually reports directly to the IRS certain information about its direct or indirect substantial US owners (as defined under paragraph 1473 of the US Internal Revenue Code; generally 10% ownership). A Direct Reporting NFFE is required to register with the IRS to obtain its Global Intermediary Identification Number (GIIN). An Entity is allowed to sponsor one or more Direct Reporting NFFEs (Sponsored Direct Reporting NFFEs).
Excepted Inter-affiliate Foreign FI (US IGA)	Under the US regulations, a FI does not include certain foreign entities that are considered excepted inter-affiliate FFIs. One of the requirements for such an entity is that it does not receive payments from, or hold an account with, a withholding agent other than a member of its expanded affiliated group, except depository accounts maintained in the country in which the entity is operating to pay for expenses in that same country.
Exempt Beneficial Owner	These are entities that are exempt from all aspects of FATCA. They include foreign governments, international organizations and certain local retirement funds.
Foreign FI (FFI)	The term FFI means a non-US FI under FATCA and the US IGA.
GIIN	'GIIN' stands for Global Intermediary Identification Number. Each FI that registers on the IRS FATCA/IGA Portal will receive a GIIN. If the FI also registers as a Sponsoring Entity, it will receive a separate sponsoring GIIN. There is no requirement to register separately for purposes of the CRS.
IGA	IGA stands for Intergovernmental Agreement. The US IGA is the agreement between the Government of a specific jurisdiction and the US Government to improve international tax compliance and to implement FATCA. Under the US IGA, FIs in the specific jurisdiction are required to report information on Reportable Accounts held with them by Specified US Persons annually to the Tax Authorities in the specific jurisdiction, who will forward the information to the IRS in the US.
IGA Partner Jurisdiction	A jurisdiction other than your own that has entered into an intergovernmental agreement with the US to improve international tax compliance and to implement FATCA (US IGA).
Information to be reported to the Tax Authority of a Reportable Jurisdiction under an IGA between the Reportable Jurisdiction and the US	For a depository account, in relation to each Specified Person that is the holder of a Reportable Account and each Specified Person that is a Controlling Person of a Passive NFFE that is the holder of a Reportable Account, the following information will need to be reported: i. Name ii. Address iii. Tax Identification Number (TIN) (for Specified US Persons, where available) iv. Date of birth v. Name, address and TIN (if any) of the Passive NFFE vi. The name and Global Intermediary Identification Number (GIIN) of the Reporting FI; the account number (or functional equivalent); the account balance or value as of the end of the calendar year (or other appropriate period) vii. The total gross amount paid or credited to the account in the calendar year or other appropriate period, including interest or aggregate of any redemption payments made.
Non-Financial Foreign Entity (NFFE)	These are entities that, for the purposes of the IGAs, are Non-Financial Foreign Entities. There are two different types of NFFEs: Active NFFE and Passive NFFE. Active NFFEs include trading companies, charities and non-FIs that are listed on a recognized stock exchange together with all related Non-FIs of such companies. Passive NFFEs are therefore those entities which do not fall to be classed as FIs, Active NFFEs or Exempt Beneficial Owners.
Non-Participating Foreign Financial Institution (US IGA)	This is a Foreign Institution that is not a Participating FI, a Deemed Compliant FI or an Exempt Beneficial Owner. These are generally FIs resident in non-IGA jurisdictions that have not complied with the FATCA provisions.
Owner Documented FI (US IGA)	An owner documented FI is a certain type of Deemed Compliant FI. In order to qualify under this category the entity must satisfy the following: It must not maintain a financial account for any Non-Participating FI; It must not be owned by, nor be a member of, a group of Related Entities with any member that is a depository institution, custodial institution or specified insurance company (i.e. it can only be affiliated to other investment entities); and It must provide the required documentation regarding its owners and agree to notify any changes in its circumstances to the FI that is undertaking the reporting obligations on its behalf.
Participating Foreign Financial Institution (US IGA)	This is a FI resident in a non-IGA jurisdiction which has entered into a Foreign FI (FFI) Agreement with the IRS. It will be obliged to register on the IRS FATCA Portal and undertake all due diligence and reporting obligations as applicable under FATCA.

Term	Definition
Partner Jurisdiction Financial Institution	This term relates to FIs resident in a jurisdiction other than your own that has entered into an IGA with the US.
Reporting Model 1 Foreign FI (US IGA)	This is a Reporting FI in a jurisdiction that has entered into a Model 1 IGA. Under the rules of a Model 1 IGA, these institutions are required to report any Reportable Accounts to their local Tax Authorities for onward submission of the data to the IRS. A list of countries that have entered into a Model 1 IGA can be found on the IRS website via the following link. http://www.treasury.gov/resource-center/tax-policy/treaties/Pages/FATCA-Archive.aspx
Reporting Model 2 Foreign FI (US IGA)	This is a Reporting FI in a jurisdiction that has entered into a Model 2 IGA. Under the rules of a Model 2 IGA, these institutions are required to report any Reportable Accounts directly to the IRS. A list of countries that have entered into a Model 2 IGA can be found on the IRS website via the following link. http://www.treasury.gov/resource-center/tax-policy/treaties/Pages/FATCA-Archive.aspx
Reporting Partner Jurisdiction FI (FI)	These are Reporting FIs in a US IGA Partner Jurisdiction.
Specified US Person	A Specified US Person is a US person but excludes certain US publicly traded companies and their US Subsidiaries, US Banks, US Real Estate Investment Trusts, US Charities and US Brokers.
US Person	The term US Person refers to US tax residence and includes the following (but is not limited to): <ul style="list-style-type: none"> i. A citizen of the US, including an individual born in the US but resident in another country (who has not given up their US citizenship) ii. A person residing in the US, including US green card holders iii. Certain persons who spend a significant number of days in the US each year iv. US Corporations, US Partnerships, US Estates and US Trusts
US TIN	US TIN stands for US Taxpayer Identification Number.
CRS SPECIFIC TERMS AND DEFINITIONS	
CRS	The OECD Standard for Automatic Exchange of Financial Account Information in Tax Matters. Also known as the Common Reporting Standard.
CRS Participating Jurisdiction	A CRS Participating Jurisdiction is a jurisdiction with which an agreement is in place pursuant to which there is an obligation to automatically exchange information with that jurisdiction.
Information to be reported to the Tax Authority of a Reportable Jurisdiction under the CRS	For each Reportable Jurisdiction Person including a controlling person of a Passive NFE, the following information will need to be reported: <ul style="list-style-type: none"> i. Name ii. Address iii. Jurisdiction(s) of residence iv. TIN (if available) v. Date of birth (in the case of an individual); Account number (or functional equivalent); Name and identifying number (if any) of the Reporting FI vi. Account balance or value as of the end of the relevant calendar year or other appropriate reporting period, or, if the account was closed during such year or period, the closure of the account; plus vii. Total gross amount of interest paid or credited to the account during the calendar year or other appropriate reporting period.
Non-Financial Entity (NFE)	These are entities that, for the purposes of the CRS, are not FIs. There are two types of NFEs; Active NFE and Passive NFE.
Reportable Jurisdiction Person	A person tax resident in a CRS Participating Jurisdiction. For the purposes of the CRS, the definition of a 'person' includes both individuals and entities.
TIN	TIN stands for Taxpayer Identification Number. This is issued by the appropriate tax authority. Additional guidance on the definition of TINs in Participating Jurisdictions can be accessed via the following link. http://www.oecd.org/tax/automatic-exchange/crs-implementation-and-assistance/tax-identification-numbers/

Should you require more information, you should seek appropriate independent tax advice.