

Tax information exchange and FATCA

I General information about the tax information exchange

What is tax information exchange?	<p>Tax information exchange is an arrangement between the Member States of the European Union, U.S. and more than 100 countries about the exchange of the data of tax payers who might be liable to pay taxes in some other country.</p> <p>Therefore Versobank AS is not providing the Estonian Tax and Customs Board (EMTA) with the data of the Customers who are according to the Bank's best knowledge Estonian tax residents.</p> <p>The purpose of the tax information exchange is to avoid the situation where the financial institution is used for concealing the revenues/income and to ascertain the persons, whose declared taxes and / or tax-paying are not correct / honest.</p>
How the tax information exchange takes place?	<p>The financial institutions are required to ascertain and provide the information to the Estonian Tax and Customs Board (EMTA) about the customers who might be liable to pay taxes in a country other than Estonia based on the information provided by the customers.</p> <p>The Estonian Tax and Customs Board (EMTA) provides the received and collected information to the contracting country regarding the information exchange.</p>
Does the tax information exchange replace or change the requirements to declare the taxes?	No
Are all the financial institutions required to exchange the information with the Estonian Tax and Customs Board (EMTA)?	Most of the banks, savings and loan associations, investment companies, management companies and insurance undertakings pursuing life activities are required to provide the information.
Does the data exchange affect only the individuals?	<p>No.</p> <p>The financial institutions are required to provide the information about the individuals and legal persons.</p> <p>Individual might be liable to pay income tax</p>

	<p>in some other country e.g. when his/her address, phone number refer that the person is staying in another country.</p> <p>Legal person might be liable to pay income tax in some other country, when the legal person has been founded there. The financial institutions are required to provide information to the Estonian Tax and Customs Board (EMTA) also about the legal persons, who have been founded in Estonia, but whose beneficial owner is tax resident of some other country.</p> <p>In order not to randomly incur among the customers, about whom the financial institutions are required to report, the customers are required to update among other information, their contact data.</p>
<p>What kind of information the financial institutions may require?</p>	<p>The financial institutions are entitled to require all the information and explanations necessary to ascertain the tax residence country.</p> <p>The financial institutions are entitled to require among other the confirmation about the tax residence country or the certificate, based on which it would be possible to ascertain the person is not the tax resident of the specific country although e.g. the citizenship, place of birth, address refer to the specific country.</p> <p>The financial institutions are entitled and obliged to collect and receive data regarding the beneficial owners of the legal persons.</p>
<p>What if the customer does not submit the data required?</p>	<p>In case the customer is not providing the financial institutions with the required information, the financial institutions are entitled to terminate the agreement with the customer. Additionally the legislation sets forth monetary fine in case of not providing the data.</p>
<p>II DATA EXCHANGE RELATED TO THE FATCA</p>	
<p>What is FATCA?</p>	<p>FATCA (<i>Foreign Account Tax Compliance Act</i>) is tax legislation valid in the U.S., with a purpose to avoid the tax evasion in the U.S.</p>

	<p>FATCA requires the financial institutions to ascertain among the customers the persons, who are liable to pay taxes in the U.S.</p> <p>FATCA requirements have been transposed or are being transposed to many countries`, including Nordic and Baltic countries` legislation.</p>
What does FATCA require?	<p>Pursuant to FATCA, the financial institutions are required to ascertain which of their private or corporate customers are liable to pay taxes in the U.S. and submit reports on accounts and assets directly or indirectly linked to these customers on an annual basis. Usually, the financial institutions report to the corresponding country`s Tax Board.</p>
Does corresponding to FATCA replace fulfilling other U.S. tax requirements?	<p>It does not. FATCA and related local legislation only regulates submission of analysis and reports on customer`s business operations required from financial institutions. This does not affect the customer`s obligation to observe tax legislation.</p>
Whom to contact in case of the questions related to FATCA classification and the U.S. status?	<p>In case of an additional need, You should consult with a tax expert, Versobank AS is not consulting the customers on such matters.</p>
What is Versobank AS required to do to correspond to FATCA requirements?	<ul style="list-style-type: none"> ➤ ascertain which current or new customers are liable to pay tax in the U.S. according to FATCA; ➤ forward data about all accounts that belong directly or indirectly to U.S. persons to the local Tax Board; ➤ submit data about the accounts and assets of customers who have not answered questions about their U.S. status. <p>Due to the fact that Versobank AS is required to examine the customers` data in order to ascertain the U.S. status, Versobank AS may contact with customers who are not actually the U.S persons.</p>
Do all the banks require from the customers identical FATCA related documents and data?	<p>Although all the banks must fulfil the FATCA requirements, they may use different ways and forms for the data and documents collection from the customers.</p>
What kind of customer data does Versobank AS submit to the local Tax Board based on FATCA?	<p>Submitted shall be data about the previous calendar year and shall include the name, address and US taxpayer number and</p>

	account numbers and balances.
<p>How does FATCA affect individuals?</p>	<p>Does it only affect me if I am a U.S. citizen?</p> <p>There is a number of criteria when ascertaining the U.S. persons. With a purpose to obtain additional information the customers corresponding to the following criteria may be contacted:</p> <ul style="list-style-type: none"> ➤ U.S. citizen or resident; ➤ born in the U.S.; ➤ Green Card holder (working permit); ➤ persons who spend a certain number of days in the U.S. each year; ➤ U.S. phone number; ➤ repeated payments to an account opened in the U.S.; ➤ full power of attorney or signatory rights granted to a person with a U.S address; ➤ if the customer`s sole address known to the bank is an "in care of" address or hold mail in the U.S.; ➤ according to the best knowledge of Versobank AS, the person is U.S. person. <p>I am a US person. How does it affect me?</p> <p>If you are a U.S person, Versobank AS may contact you to ask for additional documents. You may want to find out whether you must submit any other data to U.S. institutions.</p> <p>Please take into account that Versobank AS cannot advise you in this. Please contact a professional tax expert.</p> <p>Versobank AS must submit annual reports about you and your accounts to the local Tax Board.</p> <p>I am not a US citizen. How does it affect me?</p> <p>Most customers, who are not U.S. persons, are not affected in any way and the law does not call for submitting data about them.</p> <p>Please consider that if you have a shared account with a U.S. person, then this account must fulfil FATCA requirements.</p>
<p>I am a U.S. person and major shareholder in the company registered outside the U.S. How does FATCA affect me?</p>	<p>As you are a major shareholder, then you are probably one of the company`s beneficiaries or a controlling partner.</p> <p>Versobank AS may be required to submit</p>

	<p>data about you, but it depends on your company`s business operations.</p> <p>If your company is not active in business (i.e. it is a so-called passive company), then Versobank AS must submit data about you if you are this company`s beneficiary or controlling partner. A company is regarded as passive if more than 50% of the company`s income is interests or dividends.</p>
<p>How does FATCA affect companies and legal persons?</p>	<p>Does it only affect US companies?</p> <p>No. FATCA affects also companies registered outside the U.S.</p> <p>Versobank AS contacts many customers across the world to ascertain their FATCA-status and to classify each customer as required. Depending on the information required, Versobank AS forms or U.S. tax forms may be used.</p>
<p>Which FATCA related documents do I need to submit?</p>	<p>Versobank AS contacts customers the law pertains to and provides a full overview of the data required to follow FACTA requirements and which forms must be filled in. These forms may include self-certification forms, U.S. tax forms or certificates of withheld taxes (so-called W-forms).</p>
<p>Does Versobank AS provide all FATCA related necessary forms?</p>	<p>When Versobank AS contacts a customer, then it sends the necessary forms or a link to the webpage where these can be downloaded.</p>
<p>What will Versobank AS do if I do not submit the data required by FATCA?</p>	<p>In case of exceptions, financial institutions may be required to withhold tax on payments that are received from certain U.S. sources, which have come into the accounts of customers who have not submitted the required documents.</p>