

What is FATCA? (Foreign Account Tax Compliance Act)

1. What's FATCA (Foreign Account Tax Compliance Act)?

Law of Tax Compliance Act of foreign accounts is a new law on the introduction of the US income tax to combat tax evasion from U.S person residing outside the United States. Alawwal Bank is committed to applying the tax liability of US accounts Law, by providing information on U.S customer accounts to the (IRS).

2. Who is a U.S person subject to FATCA law?

US indicia for individual:

- U.S. citizenship
- Lawful permanent resident (green card) status.
- U.S. birthplace (even if don't obtain a U.S. passport or green card).
- U.S. residence address or a U.S. correspondence address (including a U.S. P.O. Box).
- Standing instructions to transfer funds to an account maintained in the U.S. or directions regularly received from a U.S. address.
- An "in care of address" or a "hold mail" address that is the sole address with respect to the client.
- The Power of Attorney or signatory authority granted to a person with a U.S. address.

US indicia for Entities:

- US Place of incorporation or organization
- US address

3. What is the basic obligation on Alawwal Bank? Is it obligate to report on American citizens to the US authorities?

Alawwal Bank is committed to check and identify any customer classified as US person according to the US identity indicators (Mentioned above) for new and existing customers according to FATCA the Bank is responsible to disclose to the local tax authority; according to the self-certification form in the account opening form, or updated data.

4. Should the self-certification in the account opening and account update forms be sign only by US customers?

No, self-certification is mandatory for all types of customer accounts, regardless of nationality.

5. What is the period of self-certification validity?

Self-certification is valid for lifetime. It is the responsibility of the customer to expose any change to SHB.

6. What is the action that must be taken against the customer who met with the American identity indicators yet refuse to provide documents for those procedure?

SHB will communicate with customers to provide documents of proof within 90 days, and in case they fail to provide, the customer will be classified as "recalcitrant" and the account will be disclosed to the IRS.

7. What is the information expected to be reported by Alawwal Bank reported to the IRS via the local tax authority?

Data include but not limited to the following information:

- Name, address and tax identification number for each account holder is known to be a U.S. person.
- If the customer is a non-financial foreign inactive / name, address, tax identification number and each beneficiary owner partially (has > 10%) of this facility, which devolves to a US citizen.
- Account Number.
- Balance or account.
- Total receipts and gross withdrawals or payments from the account (except as provided in the US IRS).

8. Do FATCA law leads to increase taxes on those subject to it? How much tax will be applied to the proportion of his US citizenship?

The law is just an oversight mechanism to ensure that the American taxpayers outside the United States comply with the tax laws that already exist, and the information required by the law is the same information required by the IRS of the subject of taxes on the territory of the United States of America.

9. Does FATCA apply on US citizen or green card holder who waive on it?

No, but this person must submit proof for waive his nationality or residence to avoid disclose the account.

Individual Customers

10. Will there be a tax on monthly income or on property as well? What is the minimum salary or income tax in order to apply it?

Terms of deduction will determined by the IRS SHB's role is restricted to disclosing and accurate information about U.S. customers' accounts. Alawwal Bank will not be able to provide financial consulting services, please contact a financial adviser or a special attorney for any tax inquires.

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11. Will FATCA apply to my accounts in other banks?

FATCA is a law that applies to U.S. customers only, if there's a proof that the customer is a US, All accounts will be disclosed regardless.

12. My son is studying in Canada but does not have a US citizenship even though he was born in USA, will FATCA apply?

Yes the Bank is obligated to disclose the financial accounts for individuals born in America unless they present a document that proves concession of nationality.

13. Does FATCA law apply to American identity holder or a US passport holder?

It applies to both, since they are part of the American identity indicators mentioned in the question (2) of the general questions section.

14. I already have an American passport, but I do not have a Social Security number?

Please contact the IRS to provide you with your TIN (Tax identifying number).

15. I have an American passport and I'm in the process to cancel it, Will I be subject to FATCA law?

The bank is obliged to disclose your bank account details until you provide a document proving concession of US passport.

16. I am an American citizen and have a joint account with someone who is not a US citizen, the joint Account will be treated as an US account for purposes of reporting under FATCA law?

Yes, the joint account with the American owner consider a US account and must be reported according to FATCA law.

17. Is it necessary for the following customers to sign the self certificate for FATCA law to open and update the bank account:

- A. Saudi nationality holder and their offspring.
- B. Saudi citizen owns a Saudi company and capital.
- C. Saudi citizen owns a Saudi individual organization 100%.

Yes, the signing of the tax declaration in the opening account is mandatory for all customer accounts, regardless of nationality, according to the agreement between the government of Saudi Arabia and the United States which require the application of FATCA law.

Entity Customers:

18. I'm a shareholder / board member / partner 10% of the equity in the facility include a number of persons who are not US citizens in solidarity, in their capacity as owners, does the joint Account will be treated as an US account for purposes of reporting under FATCA law?

In case of owned facilities in part, it provided that the property is not within the foreign financial institutions or tax-free to be and there is an American beneficiary owner is partially, The report will include: account number and account balance and number Tax Identification US beneficial owner is a partial name and address information.

19. Is FATCA only applicable to U.S. entities?

No, FATCA may also impact certain Non U.S. entities with U.S. Substantial Owners.

20. What do I need to do if I am a business client with U.S. Owners?

You need to confirm your U.S. status by completing the FATCA Self-certificate for juristic Entities.

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