

What is FATCA?

The South African government signed an inter-governmental agreement with the United States of America (US) in terms of which South Africa will implement the Foreign Account Tax Compliance Act (FATCA) passed by the United States Congress. FATCA is aimed at ensuring that US taxpayers who earn an income in other parts of the world accurately report those earnings to curtail tax evasion. The South African Revenue Services (SARS) has been appointed as an agent of the US Treasury Department to receive information relating to US taxpayers. This inter-governmental agreement was signed on 9 June 2014 and is effective from 28 October 2014.

The Sasfin Group (Sasfin) must accordingly comply with the requirements of FATCA. We are therefore obliged to require a declaration of your FATCA status to enable us to establish your tax status. Certain information and/or documentation may be requested to confirm your tax status. Sasfin will then identify and report personal information and account details to SARS with respect to US account holders who have earned any income by way of interest or investment returns received.

Sasfin will not request bank account details, personal identification numbers (PIN), passwords or access codes or any information related to your bank account via e-mail or in any links within an e-mail. Please take care not to supply any information to unknown third parties requested in “phishing” e-mails.

What is the purpose of FATCA?

FATCA is a supplemental way for the United States tax authority, the Internal Revenue Services (IRS) to obtain the same information US taxpayers are required to disclose by filing their tax returns. The IGA agreement that South Africa has signed is strictly an information-sharing agreement.

How does this affect me?

You will be required to submit information in order to establish your tax status. Sasfin will then be required to identify and report personal information and account details relating to account holders who are considered tax residents in the United States (US reportable accounts). Certain information and/or documentation may be required from you in order to confirm your tax status for the purposes of reporting. While we are requesting details of your tax residency and tax reference identification numbers, this information will only be reported to the relevant tax authorities where we are required to do so.

Am I obliged to provide the information?

Financial institutions have a legal responsibility to report the information required in terms of the agreement to the South African tax authority, SARS. Should Sasfin not receive the required information, we are obliged to report your account to SARS as a recalcitrant account.

What information and/or documentation do you require?

Sasfin will request a FATCA self-declaration form to be completed. On the basis of the information supplied, you might have to provide a completed W-9 form or one of the W-8 forms. The forms will be made available to you.

Can you give me advice on how to complete the forms?

Sasfin is not permitted to give tax advice. If you require assistance or have queries regarding your tax status, please speak to your tax advisor.

Are other banks or financial institutions affected by this?

Yes, all South African financial institutions are affected by this agreement. All reporting financial institutions are required to submit information relating to US account holders to SARS.

Relevant links:

<http://www.sars.gov.za/Media/MediaReleases/Pages/26-March-2015---Update-on-implementation-of-FATCA-in-South-Africa.aspx>