

FATCA

Frequently Asked Questions



FATCA overview

1. What is FATCA?
2. What is the impact of FATCA?
3. How do I know if I am affected?
4. When will the FATCA legislation become effective?
5. Is HSBC the only bank to be affected by FATCA?
6. What does HSBC have to do to comply with FATCA?
7. Will there be any FATCA guidance issued by the Singapore Government?
8. Is FATCA applicable to both personal accounts and business accounts?
9. Am I only affected if I am a citizen of the US?
10. What does FATCA mean for me if I am a US person?
11. What does FATCA mean for me if I am not a US person?
12. Does FATCA replace existing US tax rules that I already follow?
13. What happens if a joint account is held by a US person and a non US person?
14. How frequently will I have to provide information for FATCA purposes?
15. What information will HSBC report to my local tax authority or the IRS?
16. What types of information and/or documents can I expect to supply HSBC?
17. Will HSBC supply me with all the forms required to complete?
18. When do I have to provide the requested information and/or documentation for FATCA?
19. What will HSBC do if I do not provide the information required under FATCA?
20. What do I need to do if I am affected by FATCA?



1. What is FATCA?

FATCA stands for the Foreign Account Tax Compliance Act. It is a new piece of legislation to help counter tax evasion in the US.

Introduced by the United States Department of Treasury (Treasury) and the US Internal Revenue Service (IRS), the purpose of FATCA is to encourage better tax compliance by preventing US Persons (see glossary) from using Banks and other Financial Organisations to avoid US taxation on their income and assets.

A significant number of countries worldwide are expected to sign Inter-governmental Agreements (IGAs) relating to FATCA compliance with the United States government. These IGAs will result in the FATCA legislation becoming part of these countries' local laws. (Please refer to glossary for IGA definition)

2. What is the impact of FATCA?

On an annual basis, Banks and other Financial Organisations will be required to report information on financial accounts held directly or indirectly by US Persons.

HSBC has made a commitment to being fully FATCA compliant in all countries where we operate. We will therefore be reviewing our existing customer base to confirm the FATCA statuses of our customers and where necessary we may have to contact our customers for further information and documentation.

3. How do I know if I am affected?

FATCA legislation will affect both personal and business customers who are treated as a 'US Person' for US tax purposes. The FATCA legislation will also affect certain types of businesses with US owners.

The term US person includes the following (but is not limited to):

- 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)
- A person residing in the US, including US green card holders
- Certain persons who spend a significant number of days in the US each year
- US Corporations, US Partnerships, US estates and US trusts

Over the next few months we will be reviewing the impact of the legislation for our customers, and will provide further information to affected customers in due course.

For more information regarding FATCA, please visit the IRS website or contact your tax professional.

4. When will the FATCA legislation become effective?

The FATCA legislation is currently due to become effective from 30 June 2014.

HSBC is committed to becoming fully FATCA compliant in all countries where we operate in accordance with the legislative timeline.

5. Is HSBC the only bank to be affected by FATCA?

No. All Banks and other Financial Organisations will be affected by FATCA, however their approach to adopting FATCA may differ. HSBC is committed to becoming fully FATCA compliant in all countries where we operate.

6. What does HSBC have to do to comply with FATCA?

To comply with FATCA, HSBC will:

- Conduct a review of new and existing customers to identify those that are reportable under FATCA. Business customers will be classified according to the FATCA legislation. (For example, as US Persons, Foreign Financial Institutions or Non-Financial Foreign Entities).
- Report information to the IRS or local tax authority on all accounts held directly or indirectly by US Persons. In addition, HSBC may also need to report information about customers who do not provide the required documentation to us.

In certain circumstances and where customers fail to provide the appropriate documentation or when doing business with non-compliant entities, HSBC may be required to apply 30% US withholding tax on certain types of US income paid to such customers.

(Please refer to the glossary for the definitions of US Persons, Foreign Financial Institutions, Non-Financial Foreign Entities and Withholding tax)

7. Will there be any FATCA guidance issued by the Singapore Government?

Singapore has initialled a Model 1 Intergovernmental Agreement (IGA) with the US to facilitate FATCA compliance in Singapore and has been included in the US Department of the Treasury's list of jurisdictions that are treated as having an IGA in effect. Broadly, this IGA would provide a framework for all financial institutions in Singapore to report account information of US persons to the Inland Revenue Authority of Singapore (IRAS), which will in turn provide the information to the US Internal Revenue Service. According to the IRAS' website, a set of FATCA guidance will be issued in the second half of 2014. The Ministry of Finance will hold a public consultation on the draft guidance before it is finalised. More information on FATCA can be found at IRAS' website: <http://www.iras.gov.sg/irasHome/>

8. Is FATCA applicable to personal or business customers?

FATCA legislation will impact both personal and business customers who hold an account, policy or agreement with HSBC.

9. Am I only affected if I am a citizen of the US?

No. If an individual's account holds any of the following seven criteria, HSBC may request further information/ documentation to determine if you are a US Person under FATCA.

- US citizenship or US residence
- US place of birth

- US address including US PO boxes
- US telephone number
- Repeating payment instructions to pay amounts to a US address or an account maintained in the US
- Current Power of Attorney or signatory authority granted to a person with a US address
- In Care of or Hold mail address which is the sole address for the account holder

10. What does FATCA mean for me if I am a US Person?

If you are considered a US Person (see glossary), you may be asked to supply HSBC with additional information/documentation. You may also wish to visit the IRS website to determine if you need to complete and submit any additional IRS forms.

If you are a specified US Person (see Glossary), HSBC will be required to report information about you and your account to the local tax authority or the IRS on an annual basis.

Whilst we will correspond with affected customers in due course, HSBC cannot offer any advice relating to FATCA and we recommend you contact a professional tax advisor to discuss your personal tax situation.

11. What does FATCA mean for me if I am not a US Person?

For most customers, FATCA will have minimal impact, and there will be no action required.

However, HSBC may still contact you to confirm your status as a non-US person if we have reason to believe you are potentially a US person for FATCA purposes.

12. Does FATCA replace existing US tax rules that I already follow?

FATCA does not replace the existing US tax regimes, it may however add additional requirements and complexity to the existing tax rules you may already follow. We recommend you contact a professional tax advisor to discuss your personal tax situation.

13. What happens if a joint account is held by a US person and a non US person?

A joint account which has one US owner is treated as a US account and therefore the entire account is subject to the FATCA legislation.

14. How frequently will I have to provide information for FATCA purposes?

FATCA is an ongoing process. If your account information changes, we may be required to contact you to obtain additional information so that we are able to update your account classification under FATCA.

15. What information will HSBC report to my local tax authority or the IRS?

The information reported to the IRS or to customer's local tax authority will depend on the FATCA classification of the customer. This information will typically be of a personal nature (for example, Name, Address, US Taxpayer Identification Number), and of a financial nature

(e.g. Account number, Account balance/Value). We will be communicating with the affected customers in detail on these requirements.

16. What types of information and/or documents can I expect to supply to HSBC?

We will be communicating with the affected customers and provide full details of the information/documentation HSBC needs for FATCA purposes. Documents may include US tax forms (also referred to as withholding certificates or W forms) or self-declarations of FATCA status.

17. Will HSBC supply me with all the forms I need to complete?

Yes. If HSBC requires further information from you we will either send you the relevant forms or direct you to a website where you can download them.

18. When do I have to provide the requested information and/or documentation for FATCA?

In general, customers should supply the requested documentation and information by the date contained within the communication.

19. What will HSBC do if I do not provide the information required under FATCA?

HSBC is committed to be fully compliant with FATCA. HSBC Group may not open new accounts or offer additional products and services to customers who choose not comply with HSBC's requests for documentation to establish a customer's status under FATCA.

In accordance with the FATCA regulations, HSBC may exit the relationship with customers who decide not to provide the necessary information and documentation within the regulatory timeframe.

HSBC may also need to report information about customers who do not provide the required documentation to us.

In addition, we may also be required to withhold tax on certain US-source payments coming into your account. (Please see the glossary for further information on Withholding tax).

20. What do I need to do if I am affected by FATCA?

Over the next few months we will continue to review the impact of the legislation for our customers and will correspond with affected customers in due course. For more information regarding FATCA, please visit the IRS website (see useful links), or contact your professional tax advisor for advice.

Please note that you may receive more than one request for documentation if you have multiple relationships with different members of the HSBC Group. It is important that you respond to all requests, even if you believe you have already supplied the requested information.

Please note that HSBC is unable to offer tax advice. For tax related questions please contact your professional tax advisor or refer to the IRS website.