

## FATCA: Foreign Account Tax Compliance Act

FATCA is a US domestic tax law that imposes an obligation on non-US financial institutions to ascertain the US citizenship and US tax residency of their customers and to report to the US certain information about these individuals and entities in order to ensure the fair taxation of the taxable income of US citizens and US tax residents.

In order to comply with the Law, the US Government and Turkey signed the "Agreement between the Government of the Republic of Turkey and the Government of the United States of America to Enhance International Tax Compliance through Enhanced Exchange of Information" on 29.07.2015. This agreement, which was approved by the Turkish Grand National Assembly, entered into force on 05.10.2016. With FATCA, the signatory countries that have signed an information exchange agreement with the United States of America (USA) are obliged to identify individuals and legal entities that are or may become taxpayers in the USA and meet the criteria specified in the agreement and to report the specified assets of these persons to the USA. Similarly, under the agreement, the US is also required to report to the other country that is a party to the agreement within the same scope.

- Natural persons with a U.S. address or telephone number, who are residents of the U.S., who transfer money to the U.S. on a regular payment order,
- For legal entities, those with a U.S. address, country of incorporation or headquarters in the U.S., and for passive institutions, at least one of the natural persons controlling the institution is a U.S. citizen or resident,
- Financial institutions such as banks, investment companies, etc. that hold accounts on behalf of the customer are included in the scope.

Detailed information about FATCA can be accessed from the links below.

<https://www.irs.gov/>

[http://www.gib.gov.tr/sites/default/files/fileadmin/haberler/FATCA/FATCA\\_Turkce.pdf](http://www.gib.gov.tr/sites/default/files/fileadmin/haberler/FATCA/FATCA_Turkce.pdf)

[http://www.gib.gov.tr/fileadmin/haberler/FATCA/FATCA\\_%DDngilizce.pdf](http://www.gib.gov.tr/fileadmin/haberler/FATCA/FATCA_%DDngilizce.pdf)

[http://www.gib.gov.tr/uluslararasi\\_mevzuat/fatca-sorular](http://www.gib.gov.tr/uluslararasi_mevzuat/fatca-sorular)

Our Bank's GIIN number KR4HGQ.99999.SL.792

## CRS: Common Reporting Standard

CRS is a global information exchange arrangement that aims to prevent tax losses that countries may face through the exchange of information between the countries in the scope. At the G-20 summit held in 2013, an international automatic exchange of information similar to FATCA was brought to the agenda and CRS was adopted by the OECD in July 2014.

It envisages the identification of tax residents of another participating country through institutions holding financial accounts (banks, brokerage houses, insurance companies, etc.) and the exchange of financial information of these persons through the financial administrations of participating countries.

This regulation requires financial institutions to identify and document the countries in which their clients are tax residents, and then to report annually to the fiscal administration to which they are

affiliated the assets held in accounts in financial institutions and the financial income paid to these accounts of these persons who are tax residents in other countries. Turkey is one of more than 100 countries that have committed to implement the CRS through Law No. 7018 dated 20.05.2017. Within the scope of this Law, the Revenue Administration of the Ministry of Treasury and Finance of the Republic of Turkey requested banks to determine and report tax residency determination and reporting within the scope of CRS for all accounts existing on 01.01.2017 and newly opened accounts after this date.

Those who are tax residents in other countries should review the "Guidance on the Standard for Automatic Mutual Exchange of Financial Account Information for Tax Matters" document published by the Revenue Administration of the Ministry of Treasury and Finance of the Republic of Turkey on 25.08.2020 and updated on 08.06.2021, and it would be useful to consult with a Financial Advisor for the possible effects of their tax residency status in other countries.

## Our responsibility under FATCA and CRS

As Destek Yatırım Bankası A.Ş., we attach importance to taking the necessary steps to comply with the bilateral agreement with the USA and the CRS regulations that we are a member country of the OECD. Within the scope of the FATCA legislation, we undertake that the accounts of our US citizen customers and our customers who are taxpayers in the countries covered by the CRS will be determined and the information to be reported within the standards determined within the framework of both legislation will be reported to the relevant country official institutions annually.

## All banks are obliged to report

As a result of the bilateral agreement signed by the Republic of Turkey with the USA and multinational agreements signed with OECD member countries, reporting responsibility has become a legal obligation for all banks. Along with banks, financial institutions in Turkey, which are considered as financial institutions within the scope of FATCA and CRS, are obliged to comply with the legislation, and non-compliant financial institutions and their customers may be subject to local and international sanctions as non-compliant.

## Within the scope of reporting

Our customers who are US citizens (US passport holders, US taxpayers and Greencard holders) and taxpayers in CRS-compliant OECD member countries are within the scope of reporting. We would like to remind you that customers who refuse to provide the information and documents requested by our Bank may also be affected by both regulations.

Name-surname, address, date of birth, country/countries of tax residence, tax identification numbers in these country/countries, and if they have accounts subject to reporting, information regarding this account will be reported.

The year-end balances of our customers' accounts with our Bank and the gross payments made to these accounts during the relevant reporting year will be reported annually to the country where the account holder is a resident.

Information regarding the accounts that are subject to mandatory reporting under FATCA shall be electronically reported to the Revenue Administration of the Republic of Turkey Ministry of Treasury and Finance until the end of 30 June of the calendar year following the relevant year, and information regarding the accounts subject to reporting under CRS shall be electronically reported annually to the

Revenue Administration of the Republic of Turkey Ministry of Treasury and Finance until the end of 31 May of the calendar year following the relevant year.

## Responsibilities of our customers

In the process of accepting new customers, some documents and information will be requested by our Bank as a result of our responsibilities within the framework of the relevant legislation. In the event that these declarations requested within the scope of FATCA and CRS cannot be provided or the information and documents requested from our existing customers are not submitted, these customers will be classified as "non-compliant" and these customers will also be included in the reporting scope.

The Bank is not authorized to impose withholding tax on accounts within the scope of FATCA. Withholding tax may be imposed by the US and the institutions authorized to impose withholding tax on the US origin income obtained by non-compliant financial institutions. Our Bank has fulfilled its obligations for full compliance with FATCA and is classified as a compliant financial institution under FATCA. There is no withholding tax within the scope of CRS.