

FATCA and Automatic Exchange of Information – FAQs

What is the Automatic Exchange of Account Information (AEOI)?

The Automatic Exchange of Information is the Common Reporting Standard (CRS) for all agreements made between the UK and all other countries.

Governments of countries around the world are seeking greater transparency for taxation. This has led to legislation for the automatic exchange of customer information for financial institutions. The UK has entered a number of agreements with over 150 countries to date and this includes the Crown Dependencies (Isle of Man, Guernsey and Jersey) and British Overseas Territories.

Importantly, these agreements are related to reporting and information sharing and are unlikely, on their own, to require an account to be closed. However, all non-UK tax resident clients will need to be verified by Wealthtime to see if their tax residency status needs to be shared with HMRC.

What is FATCA and what is its purpose?

This acronym is for the Foreign Account Tax Compliance Act introduced by the Internal Revenue Service of the US government (IRS). It falls under the overall reporting legislation of AEOI but it is distinguished as being different. FACTA's purpose is still to prevent tax evasion by any US Person but the customer reporting does not purely focus on tax residency; it includes any US indicia for a client and therefore any who have a link to the US. The US has the ability to withhold income and report firms as non-compliant. Other countries under the AEOI appear to be lower impact since this only requires gathering information for reporting and does not pose the same associated tax risks.

What is the definition of a US Person?

The meaning of US persons includes any US citizen, national or resident individual, including UK trusts established with US Persons as trustees and/or beneficiaries or settlors. This extends to any partnership, corporation or trust organised in the United States of America or under the laws of any of its States.

What is Wealthtime's policy for US Persons?

Since 2008, our company policy has always been not to accept any US Persons. FATCA legislation increases our obligations so our policy will not change. Furthermore, Fund Managers continue to apply investment restrictions where held for the benefit of a US Person. If you submit an application for a US person to us, the case will be rejected. If we discover through monitoring an account held by a US Person, we require this account to be closed or transferred away according to our terms and conditions.

What if I do not know if I have clients with Wealthtime that may be caught by FATCA?

Wealthtime will periodically review US indicia, ie US nationality, US address, US tax resident, against its client database to identify any US Persons. We will contact firms to validate any information so then our records are correct. If US Persons are identified, we will require their account to be closed or transferred to another provider.

In general, how does the CRS affect my firm and my clients?

HMRC have taken steps to minimise the impact on financial services provided in the UK but the Common Reporting Standards cannot be avoided. It only applies to non-UK tax residents in a reportable CRS country. We make the process of collecting additional client information as simple as possible using our CRS/FATCA Wealthtime forms.

What forms do I need to complete?

A CRS and FATCA form is required for any individual or entity that does not meet our online UK client declaration conditions. The additional information forms are available via the secure literature section of the Wealthtime website.

Is there any additional documentation required to be submitted along with the FATCA and Automatic Exchange of Information form?

We'll need a certified copy of your client's passport or driving license. We may require W8Ben forms or a signed self-declaration from your client in certain circumstances.

Is there any unique client information that must be provided for tax purposes?

The taxpayer identification number (TIN) is the unique identifier assigned in the jurisdiction of tax residence, which we need. It is a unique combination of letters and/or numbers used to identify an individual or entity for the purpose of administering the tax laws of that jurisdiction. Some jurisdictions do not issue a TIN provide an equivalent or do not issue a TIN to all residents. Where no TIN has been issued, you will need to tell us on the Wealthtime form. For entities, some jurisdictions may use a business/ company registration code or number where no TIN is issued.

What's a GIIN?

GIIN stands for Global Intermediary Identification Number and is a unique 19-character number connected with tax reporting information. They are issued by the FATCA IRS to financial institutions and direct reporting non-financial entities. If your client is an entity (which is not a UK product provider), you will need to supply us with the GIIN for the financial institution if they hold one. This will eliminate the need for us to report the account holder to HMRC.

If you require this document in an alternative format please contact us.

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