

FATCA&CRS AT A GLANCE

1. What is FATCA?

The FATCA ("Foreign Account Tax Compliance Act") is a U.S. local tax law that obliges non-U.S. financial institutions to identify U.S. citizen and taxpayer account holders that holding an account in the non-U.S. financial institutions and report certain information related to those accounts to provide tax-related benefits to U.S. taxpayers for the fair taxation. In order to ensure compliance with the aforementioned law, " Agreement Between The Government Of The United States Of America And The Government Of The Republic Of Turkey To Improve International Tax Compliance Through Enhanced Exchange Of Information " was signed between the U.S. Government and Turkey on 07.29.2015. This agreement, ratified by the Turkish Grand National Assembly and become in force on 05.10.2016 by publishing on Official Gazette. In order to determine the information to be exchanged, it is necessary to provide certain information from the real and legal entities who have financial accounts in the financial institutions.

2. What is CRS?

CRS ("Common Reporting Standard") is a global information exchange regulation between countries to prevent the tax losses that countries will face for the countries in scope. At the G-20 summit in 2013, a FATCA-like international automatic exchange of information was on the agenda and CRS was accepted by the OECD in July 2014. Financial Institutions in Turkey which is one of the countries committed to implementation of this regulation, was informed by the Ministry of Treasury and Finance to fulfill its responsibilities under the CRS regulation.

3. What are the responsibilities of Halkbank within FATCA and CRS?

Our responsibility as Halkbank is primarily to take required steps for full compliance with bilateral agreement with the United States and CRS regulations which we take part in as an OECD member country. Within the scope of FATCA and CRS regulation, it is also our bank's responsibility to determine the accounts hold by U.S. citizens and CRS countries taxpayers and to inform the CRS Jurisdictions annually of the information to be reported in compliance with the standards set out in both regulations.

4. Are all the banks obliged to report?

Yes. As a result of the bilateral agreement between of the Republic of Turkey and the United States and multinational agreements signed with OECD member countries; reporting responsibility has become a legal obligation for all banks in Turkey. Banks, along with Financial Institutions within the scope of FATCA and CRS, are obliged to comply with the regulation. Noncompliant financial institutions and their customers shall be subject to domestic and international sanctions.

5. Who are included within the scope of reporting?

Specified U.S. persons (U.S. passport holders, U.S. resident taxpayers and greencard holders) and our customers who are taxpayers in OECD member countries which are CRS applies, are included to the scope of reporting.

6. Which information are within the scope of reporting?

Legal name, address, date of birth, the country/countries where our client is taxpayer is and tax ID numbers in these countries and information of the accounts of our clients who are taxpayers in the countries under the CRS and Specified U.S. Persons, will be reported.

7. Which accounts are within the scope of reporting?

Depository and custodian accounts of our clients are subject to reporting. Year-end balance of these

accounts and gross payments made to these accounts within the reporting year will be reported annually to the country where the account holder is the resident of U.S. in case the client is specified U.S. person.

8. When are the reportings done?

Information of the accounts that are required to be reported under CRS regulation are carried out until the end of 31 May of the calendar year following the year in which it relates, while the reporting under FATCA regulation are carried out until the end of 30 June of the calendar year following the year in which it relates.

9. What are responsibilities of our clients?

In the process of the accepting new clients, our Bank will request certain documents and information to fulfill our responsibilities under the relevant regulations. Without these self-certifications requested under FATCA and CRS, our Bank does not permit account opening. If the information and documents requested from our pre-existing account (accounts opened before 05.10.2016) holders are not provided, these account holders will be classified as "recalcitrant" and included in to the reporting pool.

10. Will the withholding applied to the clients in the scope of reporting?

Our bank does not have the right to apply withholding tax in the scope of FATCA. The withholding tax may be applied by the U.S. Financial Institutions and Qualified Intermediaries. Our Bank has fulfilled its obligations in full compliance with FATCA and is classified as a registered compliant financial institution under FATCA. Please note that no withholding mechanism exists in CRS.

11. General Considerations About Reportings

As it is known, within the CRS regulation that all banks are obliged to comply with, the account informations of our customers with foreign resident status are shared with the Revenue Administration Department of the Ministry of Treasury and Finance.

It is seen that some questions about these reportings are asked our branches by our customers. Banks cannot submit detailed assessment about tax liabilities and responsibilities of their customers outside of Turkey, nor they can provide guidance and consultancy in this regard. For this reason, it would be more appropriate for our customers who want to learn more about the regulation to contact a professional tax consultant or to be directed to the guide published by the Revenue Administration Department, the link of which is shared below.

<https://www.gib.gov.tr/finansal-hesap-bilgilerinin-vergi-konularinda-karsilikli-olarak-otomatik-degisim-standardi>