

FURTHER INFORMATION ABOUT FATCA AND CRS REGULATIONS

Who will be impacted by FATCA regulation?

In general, we don't expect the majority of our customers to be impacted by FATCA regulation. Individuals and entities that may be directly or indirectly impacted by FATCA regulation can be summarized as follows;

- **Real persons who are associated with the US:** US citizens (including those who were born in the US and greencard holders) or those who have tax residency in the US (see the [US tax residency rules](#)); those who have a US contact/residence address, US telephone number or those who reside in the US and do not provide self-certification form for tax information)
- **Legal entities that are associated with the US:** Those who have tax residency in the US (see the [US tax residency rules](#)) and passive non-financial entities¹ those for which at least one of the controlling real persons² is a US citizen or a US tax resident; those who have a US address, establishment country as US or headquartered in the US and do not provide self-certification form for tax information
- **Financial institutions:** Financial institutions that hold any type of product under the definition of “financial account” in accordance with FATCA regulation, i.e. deposit, investment, custody or specific insurance products such as private pension plans and cash-value insurance agreements

Who will be impacted by CRS regulation?

CRS regulation has large scale effects than FATCA regulation because of having [more countries](#) within the scope. Financial institutions, as defined in the CRS regulation, in Turkey, individuals and entities who have a tax residency in any CRS countries (see the [tax residency rules](#) applicable in countries) may be affected directly or indirectly by CRS regulation. In addition, the customers who do not provide the information and documentation requested by Garanti BBVA for CRS purposes may be impacted by the regulation and reported to Republic of Turkey Ministry of Treasury and Finance as potential tax residents in the country/countries in case of having related information with those countries.

¹ **Passive non-financial entity:** Passive non-financial entity (NFE) is defined as below under FATCA and CRS regulations:

- Companies not engaged in an active business generally such as production or service, and for which more than 50% of the gross income within a calendar year is made up of passive income (such as interest, royalties, dividends), or more than 50% of the assets held during the calendar year are used or otherwise held to earn passive income.
- Investment company which is a tax resident in non-CRS country and managed by another financial institution which is a tax resident in a CRS country

² **Controlling Person:** Real persons who possess one of the qualifications below are defined as “controlling person” under FATCA and CRS regulations:

- Real person(s) who own more than 25% of the shares of the legal entity
- If there is no person who owns the shares above 25%, the real person(s) who own the ultimate control of the legal entity
- Under the situation that the controlling person(s) cannot be defined with the above ways, the real person(s) who own the highest execution authority in the trade registry of the legal entity

What is expected from our customers within the scope of FATCA and CRS regulations?

Our customers are required to declare, as a part of new customer onboarding process, whether they are a tax resident in a country out of Turkey or not properly to Garanti BBVA. In addition, our pre-existing customers who are identified to be associated with the US and CRS countries as a result of search done by Garanti BBVA, as defined within the FATCA and CRS regulations, are required to provide declaration of their tax residency and additional information and documentation to support their declaration, if necessary.

Sharing of the information and documentation requested from our customers in a complete, accurate and timely manner has a great importance in preventing possible sanctions that may be imposed on our customers by authorized bodies and sharing complete and accurate FATCA and CRS reports with Republic of Turkey Ministry of Treasury and Finance by Garanti BBVA.

What happens if the information, documentation and declarations required within the scope of FATCA and CRS regulations are not submitted?

The new customer onboarding is not allowed in Garanti BBVA without FATCA and CRS self-certification form and related information and documentation, if necessary. The customers who are identified as a tax resident in a country out of Turkey (US or other CRS countries) in any way are reported to Republic of Turkey Ministry of Treasury and Finance – Revenue Administration annually.

The pre-existing customers of Garanti BBVA from whom the self-certification and additional information are requested within the scope of FATCA and CRS regulations, however who have not been provided the self-certification and additional information are included into the annual reporting as potential tax residents in the country/countries where having related information. Moreover, in accordance with FATCA Agreement signed between the US and Turkey, for the non-participating financial institutions who do not fulfil FATCA requirements, a 30% withholding over their US source income may be imposed **by the US or the authorized bodies entitled to withhold tax on behalf of the US.**

Who will carry out the possible withholding of tax within the scope of FATCA regulation?

Within the scope of FATCA regulation, we, as Garanti BBVA, are not under any obligation to withhold tax. Withholding will be carried out **by the US or the authorized bodies entitled to withhold tax on behalf of the US.**

Which customers and which information about these customers will be submitted to the Revenue Administration within the scope of FATCA regulation?

Persons who will be the subject to reporting within the scope of FATCA regulation:

- Real persons and legal entities who have declared that they are US citizens or US tax residents and signed the relevant declaration form
- Passive non-financial entities for which at least one of the controlling real persons is a US citizen or a US tax resident and the related controlling person(s) of these entities
- Customers who are identified as associated with the US in the manner specified under "Who will be impacted by FATCA regulation", however have refused to provide the relevant information, declaration and documentation

- The payments made in 2015 and 2016 to the accounts of non-participating financial institutions (financial institutions who do not comply with FATCA regulation)

Which customers and which information about these customers will be submitted to the Revenue Administration within the scope of CRS regulation?

Persons who will be subject to reporting within the scope of CRS regulation:

The “reportable persons” for CRS regulation are real persons or legal entities who are tax resident in the countries, in accordance with the legislation in these countries, within the scope of CRS regulation.

- Real persons and legal entities who have declared that they are tax resident in a county/countries within the scope of CRS regulation
- Passive non-financial entities for which at least one of the controlling real persons is a tax resident in a country within the scope of CRS regulation and the related controlling person(s) of these entities
- Customers who are identified as associated with a country/countries within the scope of CRS regulation according to their information on Garanti BBVA’s system, however have refused to provide the relevant information, declaration and documentation

Information that will be submitted within the scope of FATCA and CRS regulations:

According to FATCA and CRS regulations, information of reportable customers listed below will be shared with Republic of Turkey Ministry of Treasury and Finance-Revenue Administration:

- Name-surname for real persons and title for legal entities
- Address
- Country of tax residency
- Tax identification number (TIN)
- Place and date of birth (only for real persons)
- Account number
- Title and identification number of reporting financial institution
- The balance or value of the account for the calendar year
- The total gross amount of interest that is paid or credited to the account during the relevant reporting period
- The total gross amount of dividends that is paid or credited to the account during the relevant reporting period (for custodial accounts)
- The total gross amount of other income generated with respect to the assets held in the account, that is paid or credited to the account during the relevant reporting period (for custodial accounts)
- The total gross proceeds from the sale or redemption of financial assets that is paid or credited to the account during the relevant reporting period (for custodial accounts)

Balance limits regarding to the customers who will be the subject to reporting:

According to FATCA regulation, persons who became a customer of our Bank on and after 1 July 2014 are considered as “new” customers and persons who became a customer of our Bank before this date are considered as “pre-existing” customers.

- From “pre-existing and new individual customers”, those who have a total account balance over 50.000 USD are within the scope of reporting.

- From “pre-existing entity customers”, those who have a total account balance over 250.000 USD are within the scope of reporting.
- For “new entity customers”, there is no balance limit for the reporting.

According to CRS regulation, persons who became a customer of our Bank on and after 1 January 2017 are considered as “new” customers and persons who became a customer of our Bank before this date are considered as “pre-existing” customers.

- For “pre-existing and new individual customers”, there is no balance limit for the reporting.
- From “pre-existing entity customers”, those who have a total account balance over 250.000 USD are within the scope of reporting.
- For “new entity customers”, there is no balance limit for the reporting.

Note: The balance limits, the definition and the scope of “pre-existing” and “new” customers may change based on the regulations that will be carried out by Republic of Turkey Ministry of Treasury and Finance.

Where can I refer to for more detailed information about FATCA and CRS regulations?

As Garanti BBVA, we are unable to carry out a detailed assessment about our customers' tax obligations in other countries different than Turkey and possible tax sanctions that they may face, to guide our customers and to give tax consultancy to them. We only fulfil our obligations required by the relevant regulations with regards to compliance with FATCA and CRS regulations. Therefore, we recommend you to contact a professional tax consultant for more detailed information and tax advice. You may find the FATCA Agreement in [Turkish](#) and [English](#) and [frequently asked questions](#) published for the agreement on the website of the Turkish Revenue Administration. You may also use the [website](#) of US Internal Revenue Service (IRS) to find more details about FATCA regulation.

You may visit the [website](#) created by OECD to find more details about CRS regulation.

Yours Sincerely,

Garanti BBVA

As Garanti BBVA, including its domestic and overseas branches and subsidiaries, is only responsible to fulfil its obligations required by the relevant legislation, it cannot be held responsible for any mistakes or omissions in this document that has been prepared for informative purposes only.