

Are you a U.S. Person?

Be informed about Foreign Account Tax Compliance Act (FATCA)

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Overview

We at the Jamaica Police Co-operative Credit Union Limited take pride in our relationship with our members and aims to continuously provide exceptional service. Our member's privacy is of paramount importance to us while adhering to the privacy laws and regulation under which we operate.

Since March 2010 the United States government has passed legislation implementing a new law called the Foreign Account Tax Compliance Act ('FATCA').

FATCA requires that all financial institutions operating outside of the United States (U.S.) including Credit Unions to disclose if any of its members are U.S. persons, for U.S. income tax reporting purposes. To the extent permissible, under or required by the local laws of the Jamaica, we will comply with the provisions of FATCA

and follow the directives that arise from any Intergovernmental Agreement (IGA) i.e. an agreement between the Government of Jamaica and the United States.

As we continue to make educating our valued members a priority, we wish to provide you with pertinent information on FATCA and its potential impact on you.

Should you have further questions on FATCA we invite you to review the frequently asked questions (FAQs) provided. You may also need to contact a tax expert to discuss your individual case, if needs be.

What is FATCA?

FATCA is the Foreign Account Tax Compliance Act. FATCA is part of the Hiring Incentives to Restore Employment (HIRE) Act, signed into law on March 18, 2010 in the United States (U.S.). FATCA aims to identify U.S. persons, in order to ensure that they meet their U.S. tax obligations, while placing their assets in foreign (non-U.S.) accounts - either directly or indirectly, through foreign entities such as corporations and trusts.

FATCA aims to report:

- U.S. persons with certain foreign financial accounts and offshore assets;
- Foreign financial institutions (FFIs), such as the Jamaica Police Co-operative Credit Union Limited holding financial accounts held by U.S. citizens

Who does FATCA affect?

FATCA affects persons classified as U.S. persons. This classification includes:

- A citizen of the U.S. (including an individual born in the U.S. but resident in another country, who has not renounced U.S. citizenship);
- A lawful resident of the U.S. (including a U.S. green card holder);
- A person residing in the U.S.;
- A person who spends a significant number of days in the U.S. based on the Substantial Presence Test;

When will FATCA come into effect?

FATCA will take effect on July 1, 2014 and will affect new and existing clients of financial institutions.

FREQUENTLY ASKED QUESTIONS

What is FATCA?

FATCA stands for Foreign Account Tax Compliance Act, which is a United States law aimed at identifying U.S. persons who may not have met their U.S. tax obligations, by investing through foreign (non-U.S.) accounts - either directly or indirectly using foreign entities such as corporations and trusts. FATCA is a law that was passed March 2010 to focus on tax non-compliance by U.S. taxpayers with foreign accounts.

A working Group in Jamaica is currently in discussion regarding the exemption of credit unions from reporting to the IRS, given the low risk inherent in these entities' operations. However a final submission to the IRS is being awaited.

Who does FATCA affect?

FATCA may apply to both financial and non-financial operating companies, as well as individuals. FATCA impacts almost all non-U.S. entities, directly or indirectly, once there is proof of receiving U.S. source income, including gross proceeds from the sale or disposition of U.S. property, which can produce interest or dividends.

Who is a U.S. person/entity under FATCA?

Under U.S. tax law, you are considered a U.S. person/entity if you are:

- A citizen of the U.S. (including an individual born in the U.S. but resident in another country, who has not renounced U.S. citizenship);
- A lawful resident of the U.S. (including a U.S. green card holder);
- A person who resides in the U.S.;
- A person who resides in the U.S. or spends a significant amount of time during the calendar year in the U.S. (See the Substantial Presence Test)
- A U.S. corporation, estate and/or trust.

If you are unsure of your U.S. tax status, please contact your tax advisor for further details.

Do I need to prove that I am not U.S. person?

No, unless there is an indication/ indicia on your account that you are a U.S. person. However, if there are U.S. indicia (citizenship, nationality, telephone number et al) on your account and you are not a U.S. person you will be asked by a JPCCU Member Service Representative to provide evidence and a signed waiver that you are not a U.S. person. Once the Jamaica Police Co-operative Credit Union has conducted the relevant due diligence checks and is sufficiently convinced that you are not a U.S. person, no reporting on your account will be necessary. If the proof requested is not provided to the Credit Union, reporting on the account will be done.

I am not a U.S. person. What does FATCA mean for me?

FATCA should have no impact on you if you are not a U.S. person. However, there may be changes in the Jamaica Police Co-operative Credit Union procedures as a result of FATCA which may require additional documentation even if you are an existing member.

I am a U.S. person. What does FATCA mean for me?

If you are a U.S. person, you will be asked to identify yourself and complete the relevant documentation required by any Member Service Representative of the Credit Union. You may also be asked to provide additional information, such as the completed Internal Revenue Service (IRS) Form W-9 (Request for Taxpayer Identification Number and Certification) which will be kept on file by us. Information about you and your account will be reported on an annual basis to the local tax authority of the IRS depending on the IGA accepted. If you have complied with all of your U.S. reporting obligations, there should be no additional U.S. tax liability. You are reminded to consult on your personal tax situation with your tax advisor for further guidance.

I am a U.S. citizen but I have not lived in the U.S. for years and do not pay U.S. taxes. Does FATCA apply to me?

Yes. A U.S. citizen who lives outside the U.S. falls within the definition of a U.S. person for U.S. tax purposes. Foreign (non-U.S.) financial institutions (FFIs), will be required to identify the accounts of U.S. persons and

identify them annually to the Internal Revenue Service (IRS) or the local tax authorities. You should consult with a tax advisor to understand your U.S. reporting obligations and discuss your options

When will FATCA apply?

FATCA will take effect on July 1, 2014, and could affect new and existing members of the Jamaica Police co-operative Credit Union Limited.

Does FATCA have a threshold amount to start reporting?

The Jamaican equivalent of US \$50,000. However, if there is a U.S. indication (such as citizenship, nationality, telephone number et al) on your account then further examination will have to be made to that account. The threshold of the Jamaican equivalent of US\$50,000 is applicable on a combine balance on all accounts. This threshold may change in the future.

If all the values in my accounts fall below US\$50,000, will Jamaica Police Co-operative Credit Union be required to report on the accounts?

If you are a U.S. person and the accumulated balance on all your accounts meets the US\$50,000 (or its equivalent) threshold at any time during the reporting period starting July 1, 2014, Jamaica Police Co-operative Credit Union Limited, could be required to report on your accounts in keeping with the law. This means that all accounts owned by you, will be reported once the accumulated value of the accounts is equivalent to US\$50,000 or more at any time during the reporting period.

How will FATCA change the interaction with me as a Member of the Jamaica Police Co-operative Credit Union?

The Jamaica Police Co-operative Credit Union will continue to serve you with exceptional service. The Jamaica Police Co-operative Credit Union will be required to address FATCA requirements for account identification and documentation. The Credit Union will make information regarding any changes to our procedures available to you. We do encourage you to discuss your personal tax situation with your tax advisor, for further guidance.

Does FATCA apply to Family Indemnity Plan?

No, FATCA applies only to financial accounts, including life insurance policies with a cash value and annuity contracts.

What information is the Jamaica Police Co-operative Credit Union requires to report about its U.S. reportable accounts?

For the 2014 calendar year (details of which would be reported in 2015) Jamaica Police Co-operative Credit Union could be required share the following information on reportable accounts:

- Name, address, and U.S. Taxpayer Identification Number (TIN) of the U.S. person

Where can I find more information on FATCA?

The Internal Revenue Service (IRS) website provides additional information on FATCA, you may visit their website at:

[http://www.irs.gov/Businesses/Corporations/Foreign-Account-Tax-Compliance-Act-\(FATCA\)](http://www.irs.gov/Businesses/Corporations/Foreign-Account-Tax-Compliance-Act-(FATCA))

Who provides expert advice on FATCA and its impact on me?

For advice on FATCA members are encouraged to speak with a tax advisor or an attorney with expertise on tax matters.

Does FATCA comply with privacy legislation?

Jamaica Police Co-operative Credit Union Limited takes our members' privacy important and is committed to maintaining this while seeking to comply with the privacy rules of Jamaica. All disclosures if any will be within what is permissible by local laws and regulations.

What is an IGA?

IGA stands for Intergovernmental Agreements (IGAs), which is an agreement between the local authorities and the U.S.

What is the impact of FATCA on financial institutions like Jamaica Police Co-operative Credit Union?

Financial institutions like credit unions could be required to identify and report accounts held by U.S. persons, or held by certain foreign entities in which U.S. persons hold a substantial interest if and when an agreement is reached with the US authorities regarding exemption status.

Foreign financial institutions (FFIs) will comply with FATCA in one of three ways:

1. In countries without an intergovernmental agreement (IGA), FFIs will enter into agreements with, and report directly to the Internal Revenue Service (IRS);
2. In countries with a Model 1 IGA, FFIs will comply under local legislation and report to their local tax authorities. In turn, the local tax authority will exchange information with the Internal Revenue Service (IRS);
3. In countries with a Model 2 IGA, FFIs will comply with local legislation to enter into agreements with,

What are the consequences to foreign financial institutions (FFIs) for not complying with FATCA?

- In non-IGA countries, a 30% U.S. withholding tax will be deducted from U.S.-source payments (and potentially non-U.S. source payments in future) received by foreign financial institutions (FFIs), if they do not enter into FFI Agreements with the Internal Revenue Service (IRS). This includes payments received by FFIs either on their own account, or on account of their clients.
- In countries with IGAs, FFIs will be required under local legislation to comply, subject to the guidelines provided by the Law.