

## **American Foreign Account Tax Compliance Act – FATCA**

American Foreign Account Tax Compliance Act (FATCA) is an important development in the USA's endeavours to combat fiscal evasion by persons with U.S citizenship that have investments in foreign accounts.

According to FATCA, certain U.S. taxpayers that hold financial assets outside the United States must report assets to the Internal Revenue Service – IRS. Furthermore, FATCA shall ask foreign financial institutions to directly report to the IRS certain information on financial accounts that U.S. taxpayers hold, or foreign entities that U.S. taxpayers hold with significant share of ownership.

A person should be considered as important according to FATCA if one of the following points is applicable:

- A person with U.S. residence permit or U.S citizenship
- Person with address in the USA
- A person born in the USA
- Person with address “in care of” or “hold mail” as the sole address of the account holder
- A person that has authorized a person with an address in the United States of America
- A person that has instructions to transfer funds to an account held in the United States or other instructions received by an address in the USA.