

FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA) & YOU

We at City of Bridgetown Co-operative Credit Union Limited (COB) acknowledge your value to our organisation and thank you for having chosen to be a member of the COB family.

As you are aware, COB is a credit union incorporated under the provisions of the Co-operative Societies Act, Cap. 378A of the Laws of Barbados and regulated, principally, by the Financial Services Commission (FSC) which came into operation on the 1st April, 2011 by virtue of the Financial Services Commission Act, 2010-21 and assumes the functions of the former Supervisor of Cooperatives.

In addition to regulation by our main regulator, the FSC, COB has to comply with the general laws of Barbados, including the provisions of the Money Laundering and Financing of Terrorism (Prevention and Control) Act, 2011-23 (which established the Financial Intelligence Unit).

As at July 1, 2014, COB and other financial institutions are now required to comply with the provisions of the Foreign Account Tax Compliance Act (FATCA) which came into operation in the US in March 2010.

We are aware that some of our members are not familiar with FATCA and we take this opportunity to explain FATCA to you. In doing so, we caution you that this note is not, and is not intended to be a binding legal opinion on FATCA.

Background to FATCA

FATCA is designed to increase compliance by U.S. taxpayers who hold foreign accounts (accounts outside the U.S.) and offshore assets (assets outside US territories). It also captures within its provisions, assets owned by a U.S. person, held overseas (outside the U.S.) in foreign financial institutions (FFI)

In essence, what the U.S. is trying to achieve by FATCA, is to be able to tax U.S. persons in the U.S. on income generated and/or on certain property held outside the U.S.

Who are the persons targeted by FATCA?

FATCA targets U.S. persons. U.S. persons in this case include U.S. citizens or registered businesses such as limited liability companies, trusts, partnerships, estates etc, U.S. individual residents, including U.S. Green Cardholders, non-resident individuals who own certain foreign financial accounts and local businesses having U.S. ownership.

How does FATCA affect COB members?

A member of COB who is a U.S. person may very well fall within the provisions of FATCA. FATCA will not affect members who are not U.S. persons.

Barbados adopted the provisions of FATCA as at July 1, 2014 and financial institutions, such as COB, are required to report certain financial information on U.S. persons who are their members/customers. The duty of COB is a reporting one. COB does not get involved in the taxation matters of its members. Its duty is

to simply report on U.S. persons who are members. FATCA requires FFI, such as banks and credit unions, to identify U.S. person account holders and to disclose their names, TINs, addresses and the transactions of most types of accounts. Some types of accounts may be excluded from COB having to report on.

COB does not report directly to the U.S. IRS. COB reports to our local Barbados Revenue Authority which in turn reports to the U.S. IRS.

Reporting Threshold

COB is not required to report on every member who is a U.S. person but only those that fall within the thresholds set out in FATCA.

Reporting thresholds vary based on whether you file an income tax return or lived abroad. If you are single or file separately from your spouse, you must file a Form 8938 if you have more than US \$200,000.00 of specified foreign financial assets at the end of the year and you live abroad; or more than US \$50,000.00 if you live in the U.S. If you file jointly, these thresholds double. You are considered as living abroad if you are a citizen whose tax home is in a foreign country and you have been present in a foreign country or countries for at least 330 days out of a consecutive 12-month period.

Information required of members

COB members, like customers of other financial institutions, are required to provide more information now than was previously required. Consequently, our application and other forms will require a bit more information from you and we ask your understanding as we seek to comply with our regulatory requirements.

How can we further assist you?

COB stands ready to further assist you in understanding your obligations under FATCA. Please feel free to contact us at (246) 430-5900 or via email at cobcreditunion@cob.com.bb.

N.B. If you require further information on FATCA, please visit the US IRS website at <http://www.irs.gov/Businesses/Corporations/Foreign-Account-Tax-Compliance-Act-FATCA>.