



US FATCA

Frequently asked questions

FATCA Overview

1. What is FATCA?

The US Treasury and the US Internal Revenue Service (IRS) have issued final regulations to implement the US reporting and withholding rules commonly referred to as the Foreign Account Tax Compliance Act or "FATCA".

2. What is FATCA's Purpose?

FATCA is intended to reduce the evasion of US tax by US taxpayers who hold foreign financial assets, by requiring reporting by Foreign Financial Institutions (FFIs), such as our Invesco funds, on financial accounts held by US taxpayers.

3. Who is a Specified US person for FATCA purposes?

A 'Specified US Person' refers to a US individual or entity subject to FATCA reporting requirements. Generally for an individual: a US citizen or resident. Generally for an entity: a partnership or corporation organised in the US or under the laws of the US or a trust where one or more US persons have authority to control all substantial decisions of the trust. Please see the attached link if you wish to see the full definition within the Irish Intergovernmental Agreement (IGA):
<http://www.treasury.gov/resource-center/tax-policy/treaties/Documents/FATCA-Agreement-Ireland-1-23-2013.pdf>

4. What does FATCA mean for Invesco?

Our Invesco funds are registered with the IRS as FFIs and as such can be considered to be FATCA compliant.

This means that Invesco must report the names, addresses and taxpayer identification numbers of US account holders of certain products (as well as certain information about the accounts) to local tax authorities including the Office of the Revenue Commissioners (the Revenue Commissioners) in Ireland.

5. When will FATCA come into effect?

FATCA comes into effect from 1st July 2014 for both individual and legal entity account holders. From that date Invesco will be required to obtain

certain details of tax residency from clients, on all new accounts opened. The application form will be updated to cover these new requirements.

6. What are the reporting requirements of FATCA?

FATCA requires us to report information on Specified US persons (such as names, addresses, tax payer identification numbers) to the Revenue Commissioners, who will in turn complete reporting to the IRS.

Due Diligence Requirements

7. What are the account opening and due diligence requirements of FATCA?

We are required to treat any account opened on or after 1st July 2014 as a new account. In order to implement FATCA at Invesco, changes have been made to account opening and investor on-boarding procedures and documentation for new accounts.

All accounts opened prior to 1st July 2014 are treated as pre-existing accounts. Changes to procedures in relation to pre-existing accounts have also been made to accommodate FATCA requirements.

8. How does FATCA affect clients opening new accounts from 1st July 2014?

Any clients opening new accounts from 1st July 2014 will need to complete the self-certification, which forms part of the application form.

9. How does FATCA affect clients with pre-existing accounts?

FATCA also affects some clients with pre-existing accounts as at 30th June 2014, depending on certain information that we might hold on record. For example, if an individual client's account displays any of the US indicia (referred to below) Invesco (or the Transfer Agent) may need to write to the client requesting the completion of a standard self-certification form. The standard self-certification form is required to assist Invesco with determining if an account holder is a Specified US person.

For legal entity clients with existing accounts Invesco will also need to understand the classification under FATCA, and may therefore ask for completion of a self-certification form to assist with determining the appropriate classification.

10. What is meant by “US Indicia”?

An individual account holder is treated as having US indicia if the information required to be reviewed with respect to the account includes any of the following:

1. Identification of the account holder as a US citizen or resident (e.g. Passports)
2. Unambiguous indication of a US place of birth
3. Current US mailing or residence address (including PO Box)
4. Current US telephone number
5. Standing instruction to transfer funds to an account maintained in the US
6. Current effective power of attorney or signatory authority granted to a person with a US address
7. An ‘in care of’ or ‘hold mail’ US address that is the sole address we hold for the account holder

Where none of the US indicia above are discovered for an account through an electronic search, no further action is required.

Where US indicia are identified, Invesco (or the Transfer Agent) will ask any affected existing clients to complete a standard self-certification form.

11. What is required for legal entity account holders?

In addition to establishing whether a legal entity account holder is a Specified US person, Invesco will also need to identify the FATCA classification of legal entity accounts holders (Note: this is not applicable for individual account holders). New legal entities will need to confirm their classification by completing the relevant section of the application form. With regard to pre-existing legal entity accounts, Invesco may already have up-to-date documentation on record which supports a classification. If this is the case no further steps would need to be taken. If not, Invesco (or the Transfer Agent) may contact you in order to request a self-certification or other evidence to support a classification.

There are several categories of classification and reference should be made to the relevant regulations for a complete list. Set out below are the key classifications:

- Foreign Financial Institutions (FFIs)
- Active Non-Financial Foreign Entity (Active NFFE)
- Exempt Beneficial Owners (EBOs) - There are a number of entities which are treated as Non Reporting Financial Institutions such as Governmental Entities, certain retirement schemes etc.
- Passive Non-Financial Foreign Entity (passive NFFE) - Invesco is required to obtain a valid self-certification from controlling persons of a passive NFFE in order to establish if the controlling person is a Specified US person. If any controlling persons are a citizen or resident of the US, the account will be treated as a reportable account.

If you are not sure about your classification status please refer to your Tax Adviser.

12. What happens if I confirm that I am a Specified US person?

If a client is a Specified US person certain details about their account will be reported to the Revenue Commissioners, who may in turn report to the IRS.

13. What happens if Invesco does not receive the standard self-certification form or other required documentation?

If a client does not respond, within 90 days, to a request for a standard self-certification or other required documentation the account will be treated as reportable. In such a situation the account would be deemed to be a “recalcitrant” account. Invesco is required to report certain details about the recalcitrant account to the Revenue Commissioners, who may in turn report to the IRS.

14. How can I stop my account being classed as recalcitrant?

To prevent an account from being classed as recalcitrant, clients will need to respond to requests for the required FATCA certification or documentation. If, within 90 days, certifications/documentation are still outstanding Invesco may have no option but to classify the account as recalcitrant.

Change of circumstance

15. What if there is a change of circumstance which adds US indicia to my account?

Clients will need to advise us of any change of circumstance on their account such as a change of address, change of bank information etc. Should a change of circumstance give rise to US indicia on your account, Invesco (or the Transfer Agent) will send you a standard self-certification form for completion and return.

16. I live in the US but I have a home elsewhere; how does this impact me?

A residence or mailing address in the US is one of the US indicia that requires Invesco to obtain further documentation from you to establish whether you are a Specified US person or not.

17. I do not live in the US, but I am a US citizen; how does this affect me?

A US citizen is considered to be resident in the United States for tax purposes, even if the account holder is also a tax resident of another country.

18. I live in the US, but my parents live elsewhere; can I use their address on my account instead of my own?

No, the application forms state that the address you provide must be your permanent residential address.

19. What happens if one joint-holder on an account is tax resident in the US, but all other holders are tax resident outside the US?

At account opening all account holders are asked to complete a standard self-certification form. For existing joint holders the Transfer Agent may contact you to request a completed standard self-certification form.

Other questions

20. Why are you requesting this information when my investments are worth less than the \$50,000 threshold set out in the FATCA regulations?

There was an option to apply a \$50,000 threshold in relation to individual accounts; however Invesco made a business decision not to apply it. Invesco will therefore review all pre-existing accounts for US indicia.

21. Will you be deducting charges or fees for implementing FATCA?

No fees or charges will be introduced as a result of the implementation of these new regulations.

The information given above is based on laws and guidance which may be subject to change in content and interpretation. It is not comprehensive and does not constitute legal or tax advice. Investors should consult their own professional advisers as to the implications of FATCA.

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