

Purpose of the document

Dear Clients,

The purpose of this document is to provide you with information on the responsibilities of Expobank CZ, a.s. (hereinafter the "Bank") to fulfill obligations in accordance with the CRS and FATCA.

The duties of the Bank include verification and certification of clients (non-resident taxpayers and US citizens), as well as notification and provision of data on these clients to a Specialized Tax Office.

Common Reporting Standard („CRS“)

On the basis of an Act No. 164/2013 On International Cooperation in Tax Administration as amended ("Act") a Directive 2014/107/EU as of April 6, 2016 was implemented into Czech legislation.

The Act covers development of automatic exchange of tax information in EU and OECD countries. These countries developed a common standard of tax information exchange and principles of due diligence in order to obtain information on the financial account, which, together with the model agreement between competent authorities, constitute the Common Reporting Standard (CRS).

Based on the aforementioned legislation Czech banks are required to collect and verify data on the tax residency of their clients since 2016. Based on the data obtained, once a year financial institutions shall report selected information on their clients (tax residents of the majority of developed foreign countries) to the tax authority (in 2017 clients' information for the year 2016 was reported for the first time). Foreign financial institutions within participating countries are obliged to act in a similar way, i.e. to report information about Czech tax residents, their accounts and income abroad to a Foreign Tax Authority, which will subsequently provide this information to the Czech Tax Authority in order to verify a proper taxation of the Czech tax residents' foreign income.

What client data does the Bank gather in order to fulfill its CRS obligations?

In particular, the Bank identifies its clients, their taxpayer identification number (hereinafter "TIN"), inquires information on the account balance and on income deposited to this account (for example, interest, dividends, income from the sale of securities). The Czech Tax Authority forwards this information to the tax authorities of respective countries.

Within the framework of CRS, the Bank fulfills its obligations by collecting client information, mainly by means of KYC questionnaires, as well as by providing a statement in which a client confirms the country of his/her tax residence. If a client is a non-resident taxable person he/she shall indicate a TIN. Collection of information primarily concerns clients who enter into a contract on new products with the Bank. However, a requirement to provide a tax residence statement may also apply to existing clients. A tax residence statement is submitted to the Bank for an indefinite period, i.e. if client's circumstances do not change (for example, moving to another country), this statement shall be required only once.

Information for clients:

- Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU On mandatory automatic exchange of information in the field of taxation can be found [here](#)
- Act No. 164/2013 On International Cooperation in Tax Administration as amended and other relevant information can be found [here](#).
- Multilateral agreement between relevant authorities on exchange of reports concerning individual countries and a list of countries which exchange the reports (according to § 13zb of the Act No. 164/2013 as amended) can be found [here](#)

Foreign Account Tax Compliance Act („FATCA“)

FATCA is an act of the United States of America (“USA”) on the basis of which foreign financial institutions are required to gather information and inform the **Internal Revenue Services** (IRS) headquartered in the USA, by means of providing information to the National Financial Authority (in the case of the Czech Republic to the Specialized Tax Authority) on banking accounts of American citizens ("US citizens").

An agreement between the Czech Republic and the United States of America on improving tax compliance at the international level and taking into account US internal regulations on information and its provision, known as the Foreign Account Tax Compliance Act, was signed on August 4, 2014 in Prague and published in the message of the Ministry of Foreign Affairs No. 72/2014.

The agreement entered into force on December 18, 2014. This international agreement of a presidential type has supremacy over the law. Appendix No. 1 to this Agreement outlines the due diligence procedures for reporting information about US tax residents' accounts administered by Czech financial institutions. Appendix No. 2 to this Agreement, in particular, specifies Czech accounts which are exempt from the data collection requirement. In accordance with the Agreement, alternative due diligence procedures may be applied as set forth in the Rules of the Internal Revenue Services (IRS); according to the Act when applying these procedures, Financial Institutions are required to notify the Specialized Finance Authority.

For the aforementioned reasons, the Bank is obliged to identify and verify US clients among new and existing clients. In order to comply with the FATCA provisions, it is necessary to supplement clients' documentation, in particular, to fill in the selected US tax forms:

- W-9 (in the case of a US citizen client)
- W8-BEN or
- W8-BEN-E.

The Bank carries out its obligation in accordance with FATCA by means of collecting clients' information, primarily by KYC questionnaires and client's tax residency statements.

Information for clients:

- Information about FATCA can be found [here](#).
- The Internal Revenue Service and current forms can be found [here](#).
- The US Treasury website and FATCA information can be found [here](#).

We kindly ask our clients to carefully read this document.

The Bank informs Clients that this document can be updated on a regular basis.

Document is valid as of: **September 20, 2018**