

FATCA – Important Information

What is FATCA?

The Foreign Account Tax Compliance Act (FATCA) was introduced by the United States of America (US) in 2010 and seeks to counter tax non-compliance by US persons, by strengthening the information reporting and compliance around US persons who have money invested outside of the US. FATCA requires Foreign Financial Institutions (FFIs) to report information on accounts (which includes products and services) held by US persons, and accounts held by certain non-US entities which have US owners, to the Internal Revenue Service (IRS), either directly or through their local tax authorities. The information to be reported by the FFIs is equivalent in substance to that required to be reported by US citizens in their US tax returns.

Please note that any reference in this document to 'Planholder' includes the term 'account holder', and any reference to 'accounts' includes the term 'Plans'.

What is an FFI?

An FFI is a financial institution outside the US. Generally non-US entities such as insurance companies, banks, investment managers, custodians, trust companies etc. will be considered FFIs. Generali, and other businesses like it, will be an FFI.

When does FATCA begin?

With effect from 1 July 2014 FFIs must have in place FATCA-compliant on-boarding processes/systems for new accounts and must begin account due diligence and start obtaining further documentation, where necessary, for pre-existing accounts.

What are the requirements?

FATCA requires FFIs (among other things) to conduct enhanced due diligence procedures in order to identify accounts that are directly or indirectly owned by clients who are US persons and report certain information regarding their accounts on an annual basis. The UAE and the US have entered into an Intergovernmental Agreement (IGA) in substance to implement FATCA. The UAE has adopted the Model 1 IGA.

If FFIs do not comply with their FATCA obligations, a 30% withholding tax is imposed on US source income of and gross proceeds paid to that FFI, both on its own US investments and those held on behalf of its customers.

Will there be changes to the account opening/on-boarding process?

All Planholders need to be identified and classified for FATCA purposes, as do any Plans that they hold. New individual Planholders will typically have a classification of either having US or non-US status and their Plans will be classified accordingly. For new entity (non-individual) Planholders there is a wider range of entity classification types. However, the Plans will be classified as having US or Non-US status. Note there is no reporting required for Plans which are classified as having Non-US Status.

A review of our product documentation that requires updating is under way. Regarding the product application form, it is expected that in the short term a stand-alone form (to accompany the existing application form) will be used to capture FATCA required data, but in the longer term this data will be included in the application form. Also note that Generali will be sending a Terms and Conditions endorsement to Plans opened on or before the 30th of June 2014 in order to comply with FATCA requirements.

What makes a Planholder a US person?

If a Planholder (entity or individual) holds one or more of the indicia listed in the table below it does not necessarily mean the Plan is owned by a US person but rather further documentation will be required to either:

- a. confirm their US citizenship or US place of incorporation. Planholders will be required to supply their Tax Identification Number (TIN) and potentially a Form W9; or
- b. prove that they are not US citizens or US entities. The documentation required varies depending on the US indicia detected, but certain Planholders may be required to submit a Form W-8BENE (for entities).

Note: Generali will continue to accept applications from US persons, however should **any** applicant (US or otherwise) not provide the required FATCA information during the application process then a Plan will not be issued.

Indicia (Individual)	Indicia (entity)
US citizen or resident	US address
US place of birth	US place of incorporation
US mailing/residence address (inc PO box/in care of)	
US telephone number	
Standing instructions to transfer funds to US account	
Power of attorney or signatory authority to person with US address	
In care of/hold mail address that is sole address held on file	

What are we currently doing?

- Creating a new IS system to capture, categorise, aggregate and report upon client indicia and financial FATCA thresholds, not only for the US FATCA regulations, but also for other countries' FATCA equivalents that emerge.
- Reviewing and updating product documentation to reflect FATCA.
- Updating our internal processes and procedures to accommodate FATCA.

Is FATCA just an idea?

No, a number of other countries are already drafting similar FATCA style legislation to improve tax compliance and require overseas financial institutions to identify and disclose similar information on clients who are tax resident in those countries.

IMPORTANT NOTES

This Important Information note is provided for your information only, and does not constitute legal or taxation advice. If you are in any doubt about the requirements of FATCA and how it will affect you or your plan you are recommended to seek independent professional advice.

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