

What is FATCA?

The Foreign Account Tax Compliance Act (FATCA) is an act that was promulgated in the United States of America (USA) on March 18, 2010. This act requires from financial institutions operating outside USA (FFI) to identify certain cardholders who have tax obligations in USA.

The foregoing is formalized by executing an intergovernmental agreement (IGA). The agreement sets forth obligations and responsibilities for the exchange of information for tax purposes between the two countries.

Under the agreement, financial institutions shall review, identify and report information about accounts held by customers identified as having tax obligations in USA.

That information will be reported to the USA Internal Revenue Service (IRS).

- Likewise, the United States Department of the Treasury will report the information of accounts held by resident customers for tax purposes of each country having an IGA in financial institutions in USA.
- In general, accounts subject to reporting by USA will be as follows:
 1. Deposit accounts that generate interest above 10 dollars in a calendar year.
 2. Any other account that receives income sourced in USA.
 3. Each country will report to the United States Department of the Treasury the following information about accounts held by residents for USA tax purposes:
 - A. FULL NAME AND ADDRESS OF THE ACCOUNT HOLDER.**
 - B. DATE OF BIRTH OF THE ACCOUNT HOLDER.**
 - C. USA TAX ID NUMBER (IF IT IS OBTAINED).**
 - D. AVERAGE ANNUAL BALANCE.**
 - E. GROSS INTEREST AMOUNT AND DIVIDENDS RECEIVED IN THE ACCOUNT.**
 - F. ANY INCOME EARNED FROM FINANCIAL ASSETS KEPT IN THE ACCOUNT.**

The purpose of FATCA is to prevent tax evasion of American taxpayers who hold non-USA financial accounts.

The FATCA agreement will also allow the authorities of each country to identify those taxpayers who are not reporting their income obtained through accounts held in USA.

Given the foregoing, the FATCA agreement binds Banco Azteca (Panamá), S.A. (BAZ PANAMÁ), to inspect and identify its customers who are residents for USA tax purposes.

In the event that a customer with tax residence in USA is detected, BAZ PANAMÁ will make the appropriate FATCA reports. In such case, BAZ PANAMÁ will contact the customer in order to explain to them why the account may be reported.