



International™

Guide to the Foreign Account Tax Compliance Act (FATCA) & Common Reporting Standard (CRS)

This guide is based upon Canada Life International understanding of FATCA and CRS related legislation and its purpose is to provide a general overview of these regulations and who they might apply to. It is not meant to provide tax or legal advice for which you should speak to your financial or tax adviser.



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What is FATCA and CRS?

The Foreign Account Tax Compliance Act (FATCA) was originally a piece of US legislation that has been enacted in to both Isle of Man and Irish legislation. It came into force on 1st July 2014. It is aimed at Foreign Financial Institutions (FFIs) with the scope to prevent tax evasion by US citizens and residents across the world.

The Common Reporting Standard (CRS) is a similar piece of legislation that aims to implement a global standard for automatic exchange of financial account information between governments.

What is the impact on Canada Life International (CLI)/CLI Institutional (CLII)/Canada Life International Assurance (Ireland) DAC (CLIAI) and Policyholders?

The implementation of FATCA and CRS means that we are legally required to capture tax information on Policyholders (Individuals, Trusts and Companies) and controlling person of certain Trusts and Companies. This information is then shared (where appropriate) on an annual basis with the Isle of Man Income Tax Division, for CLI/CLII policies, or the Irish Revenue Commissioners, for CLIAI policies.

In addition to standard customer due diligence information, we need to collect confirmation of **tax residence** and any associated **Taxpayer Identification Number (TIN)** or its equivalent.

What is a Tax Payer Identification Number (TIN)?

A TIN is a unique combination of letters and/or numbers that a jurisdiction assigns to an individual or Entity to identify them for tax purposes. For example, in the UK this would be your National Insurance (NI) number.

These numbers can take different forms depending on the jurisdiction. Further information on the issuance rules for TINs and their format can be found on the OECDs AEOI Portal: <https://www.oecd.org/tax/automatic-exchange/crs-implementation-and-assistance/tax-identification-numbers/>

What type of policyholder does FATCA and CRS apply to?

Both pieces of tax reporting legislation apply to:

- Individuals; and
- Entities (Trust, Company, Partnership) and additionally, the '**Controlling Persons**' of the **Entity**.

What are Controlling Persons?

The term "Controlling Persons" means the natural persons who exercise control over an Entity. In the case of a trust, such term means the settlor(s), the trustee(s), the protector(s) (if any), the beneficiary(ies) or class(es) of beneficiaries, and any other natural person(s) exercising ultimate effective control over the trust, and in the case of a legal arrangement other than a trust, such term means persons in equivalent or similar positions. Further information can be found here: <https://www.oecd.org/tax/exchange-of-tax-information/implementation-handbook-standard-for-automatic-exchange-of-financial-information-in-tax-matters.pdf>

Some types of Entity and their associated Controlling Persons are shown in the table below:

Type of Entity	Controlling Persons
Trust	<ul style="list-style-type: none">• Settlor(s)• Trustee(s)• Protector(s)• Dicator (s)• Beneficiary(ies)
Company	<ul style="list-style-type: none">• Director(s)• Shareholder(s)
Partnership (general/ordinary, Limited or LLP)	<ul style="list-style-type: none">• Partner(s)• Member(s)

What information is reported to the tax authorities?

We will report individuals and entities, and their controlling persons (where appropriate), that are resident in one of the reportable jurisdictions, for CRS purposes or resident in or citizen of the United States of America, for FATCA purposes.

Specifically, we will report your Account Policy Number, name, address, tax residence and TIN(s) of the Entity and the name, address, tax residence, TIN(s), date of birth and, in some instances, place of birth of each reportable Controlling Person.

We will report the value of the policy at year-end and any payments made during the reportable year.

What is my Tax residency?

Your tax residence generally is the country in which you live for more than half a year. Special circumstances (such as studying abroad, working overseas, or extended travel) may cause you to be resident elsewhere or resident in more than one country at the same time (dual residency). The country in which you pay income tax is likely to be your country of tax residence – in some circumstances this may be more than one country.

If you are a U.S. citizen or hold a U.S. passport or green card, you will also be considered tax resident in the U.S. even if you live outside the U.S.

Tax residency rules for entities, including trusts, vary from country to country and can be quite complicated. For instance, companies will often be tax resident in the country where they are incorporated and may also be resident in any other country in which they conduct business, while Trusts may need to consider where their trustees are resident.

We recommend that you speak to your tax or legal adviser regarding all matters relating to your tax residency. More information on tax residency can be found at <https://www.oecd.org/tax/automatic-exchange/crs-implementation-and-assistance/tax-residency/>

What if I refuse to answer the questions?

Under both FATCA and CRS the policyholder and any **Controlling Persons** could automatically be given a reportable status until we receive the outstanding information and automatically reported to the relevant tax authority.

How do I know my Entity classification and its reportable status?

The term “Entity” means a legal person or a legal arrangement, such as a corporation, partnership, trust, or foundation.

An entity can be either a Financial Institution (FI) or a Non-Financial Foreign Entity (NFFE) under FATCA / Non-Financial Entity (NFE) under CRS.

Financial Institutions:

- If a Financial Institution, the entity could have a Global Intermediary Identification Number (GIIN).
- If the entity is registered deemed compliant then a GIIN would be expected.
- If the entity is certified deemed compliant, or owner documented, then no GIIN is required for FATCA but, dependent on the classification for CRS, a tax reference could still be required.

More information on the GIIN can be found here: <https://www.irs.gov/businesses/corporations/fatca-registration-and-ffi-list-giin-composition-information>

Passive or Active NFFE or /NFE:

NFE's and NFFE's are either Passive or Active.

Passive NFE's and NFFE's are entities that do not actively trade. Typically, they would be set up to hold income or investments on behalf of another. This category would generally include a non-professionally managed or 'family' trust.

A Passive NFE or NFFE that is tax resident in a reportable jurisdiction will be reportable.

Controlling Person(s) of a Passive NFE will also be reportable if they are tax resident in a reportable jurisdiction.

Active NFE's or NFFE's are generally entities whose gross income comes from trading activities in a business other than the business of a Financial Institution.

An Active NFE or NFFE that is tax resident in a reportable jurisdiction will be reportable unless it is one of the following:

- NFE/NFFE Government Entity;
- NFE/NFFE Regularly traded or Related Entity of such;
- NFE/NFFE Central Bank;
- NFE/NFFE International Organisation.

For more information on Entity's classifications visit <https://www.oecd.org/tax/automatic-exchange/crs-implementation-and-assistance/>

If you have any questions on how to complete the Self Certification form, we recommend that you speak to your tax or legal adviser, as we are not authorised to give such advice.

This guide is based on our understanding of FATCA and CRS related legislation as at August 2023 which is subject to change. Please note that we are not authorised to provide tax advice.

Further information or assistance

If you require further information or assistance please contact your tax or financial adviser.

Alternatively you can contact us at

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IOM01474 – 923R/B