

## International Tax Data Exchange Announcement

Dear Clients,

In 2014, the Organisation for Economic Co-operation and Development (OECD) published its recommendation including an automatic information exchange model convention between countries as well as the obligations of banks, financial institutions and similar institutions to collect information and report. Within the framework thereof, each Hungarian financial institution is obliged to participate in the automatic data exchange as set forth in the regulation.

What is International tax data exchange?

Efforts to increase the efficiency and effectiveness of tax collection have also been strengthened at international level; important tools thereof include the international administrative cooperation regarding taxes and other public charges as well as the related data reporting obligation.

In order to incorporate the intergovernmental agreement into the Hungarian law, the national assembly passed a law (Act CXCII of 2015).

Under the act, KELER Group had to introduce a new due diligence and registration system to be able to identify the accounts of international taxpayers maintained by KELER Group and to forward the necessary information thereon to the tax administration.

The new due diligence processes shall apply to both the new accounts and accounts opened before the entry into force of the act (before 1 January 2016), which also means that KELER Group shall obtain the necessary tax residence declarations and documentary evidence from the clients qualifying as international taxpayers as per the system of criteria included in the law.

KELER Group shall perform its reporting obligation through the National Tax and Customs Administration (NAV). The necessary data will actually be forwarded to the tax administration of each country by NAV. We will inform our clients of the fact of data transmission to NAV in writing within 30 days following the performance of data reporting.

International tax data exchange at KELER Group

As of 1 January 2016, our client acceptance processes have changed in order to ensure compliance with the set of criteria concerning data exchange; this entails the following changes and additional obligations:

In relation to **new clients**, every client shall make a declaration on its tax residence and if it is a taxpayer in any of the countries signing the data exchange convention, it shall also verify its tax number towards KELER Group.

If the signing of the Declarations and the verification of the tax number are refused, KELER Group will not establish the client relation.

In relation to our **existing clients**, central screening will be performed to identify our potentially concerned clients. Our concerned clients will also be requested to make a declaration and verify their tax number.

We draw the attention of our clients to the fact that if, due to a change in circumstances, any data on an international taxpayer declaration or any other document becomes incorrect, they shall notify KELER Group of the change within 5 days following the change as well as provide a new declaration, a new written report and new documentary evidence. Otherwise, KELER Group will identify the client as a non-cooperating party and perform the necessary data reporting to NAV.

Our colleagues at the Client Service will readily respond to your questions regarding the completion of the Declaration.

Thank you for your cooperation!

## Reporting obligation concerning the Reportable Accounts (CRS and FATCA)

Regarding each Reportable Account, the reportable data content shall cover the following:

- a) as the Account Holder of a particular account, the following data concerning each Reportable Person
  - 1. name,
  - 2. address (country code, country, postal code, street suffix name and type, house number),
  - 3. place (country code, country, city) and date of birth,
  - 4. country code of the jurisdiction of residence,
  - 5. type and name of the controlling person
- b) client's IBAN account number
- c) identification code
- d) client's name
- e) client's tax number, EU VAT number, IRS tax identification number (an identification number issued by American Authorities)
- f) address of the client's registered office (country code, country, postal code, street suffix name and type, house number)
- g) account status: active or closed
- h) account type: custodial account, deposit account or other account
- i) account number type: IBAN, ISIN
- ⌋) CRS residence: Active Non-Financial Entity, Passive Non-Financial Entity
- k) ISIN: in case of securities
- l) currency
- m) account balance or value: the account balance or value, in currency, as of the end of the relevant calendar year or other appropriate reporting period, or if the account was closed during such year, the closure of the account (including, in the case of a Cash Value Insurance Contract or Annuity Contract, the Cash Value or surrender value)
- n) the amount of interests related to the account, expressed in currency
- o) the amount paid or credited to the account, expressed in currency
- p) the type of the Account Holder subject to FATCA data reporting: a Passive Non-Financial Foreign Entity, a Specific U.S. Person, a Private person
  - type and name of the controlling person
- q) date: the reference date of the report