



Dear clients,

Purpose of this document is to provide clients of Komerční banka, a. s., pobočka zahraničnej banky, Slovak branch (hereinafter the “Bank”) with the ground information about the Common Reporting Standard (CRS) that is a global standard for the automatic exchange of financial account information developed by the Organization for the Economic Cooperation and Development (OECD).

Common Reporting Standard (CRS):

CRS applies to individuals and legal entities, it aims to give participating countries overview and transparency on the financial assets that residents held offshore.

Slovak republic has implemented the Directive No. 2014/107/EU through the Act no. 359/2015 Coll. on the Automatic Exchange of Financial Account Information for the Tax Administration Purposes, as amended, and Decree of Slovak Ministry of Finance No. 446/2015 specifying due diligence on financial accounts by reporting financial institutions.

As of January 1st 2016, based on the above legislation, Slovak financial institutions are obliged to detect tax residency of its clients and identify accounts held directly or indirectly by foreign tax residents. The Bank reports to the Slovak tax authority – Finančná správa SR information about foreign tax residents once a year for the previous calendar year (first reporting obligation arose in 2017). Information reported to the tax authorities represents the identification of the client, client’s foreign tax identification number, the client’s account number, and the balance on the account as of the end of the calendar year, together with interests credited to the account in the course of the year (e.g. interests, dividend, and income from securities or shares). Slovak tax authority will forward the provided information to the foreign tax authorities concerned.

Other financial institutions from the countries committed to CRS report the data in the same manner. Information are exchanged and shared through the competent tax authorities with the aim to verify correct taxation of worldwide income of their tax residents. More than 100 countries have committed to CRS, including all EU member states and major financial centres around the world.

The Bank fulfils its obligation for the CRS purposes by requesting its customers to complete “**CRS declaration**” that includes their tax residence country. In case of foreign tax residents, clients provide also their tax identification number. CRS self-certification applies to all existing and new customers, in case they entered into a new product contract. CRS declaration is valid for the indefinite period of time, unless the changes that may impact CRS self-certification occur. Customers are responsible for completing the CRS declaration and informing the Bank of any changes having impact on their CRS classification.

Useful links related to CRS:

<http://www.oecd.org/tax/automatic-exchange/common-reporting-standard/>
http://www.oecd.org/ctp/exchange-of-tax-information/Status_of_convention.pdf
<https://www.financnasprava.sk/sk/infoservis/avi>
<http://www.finance.gov.sk/Default.aspx?CatID=10583>

**Foreign Account Tax Compliance Act (FATCA):**

The Foreign Account Tax Compliance Act (**FATCA**) is the US law passed by US Congress, signed into law by the President of the United States on March 18th, 2010 and coming into effect on July 1st, 2014, which represents the legal frame for reporting of information about US taxpayers – specified US persons by foreign financial institutions.

The objective of FATCA is to prevent and reveal offshore tax evasion by US persons.

Many countries have implemented FATCA into the local law. In Slovakia it was introduced into the legislation by already mentioned Act no. 359/2015 Coll. on the Automatic Exchange of Financial Account Information for the Tax Administration Purposes, as amended and the Agreement between the Slovak republic and the United States of America to improve international tax compliance and to implement FATCA.

FATCA poses requirements on financial institutions outside the USA - foreign financial institutions, for identification of US persons in their customer databases including existing and new customers, and consequently for reporting of accounts held by reportable customers. Reportable customers are (i) US Persons (individuals and entities), unless they fall under the exemption that applies to specific types of US entities (e.g. publically listed US corporations), (ii) Specific types of non-US entities with US owners or US controlling persons; and (iii) Customers who do not comply with FATCA or do not respond to requests for information.

Customers affected by FATCA (reportable customers), or in cases where the FATCA classification is unclear, will be contacted by the Bank and may be asked to provide more information to confirm whether they are a US Person for tax purposes. These customers might be asked to provide additional information or documents necessary to comply with FATCA rules, especially for provision of American tax forms W-9 (for customer – specified US person), W8-BEN or W8-BEN-E (for subjects and financial institutions).

Bank provides the accounts reporting to the Slovak tax authority – Finančná správa SR in compliance with the local law and FATCA regulations. Consequently this local authority provides this information to the American tax administration (Internal Revenue Service or “IRS”). This is intending to allow automated cross-checking of this data with individual tax returns.

Useful links related to FATCA:

<https://www.financnasprava.sk/sk/infoservis/avi#FATCA>

<https://www.irs.gov/businesses/corporations/foreign-account-tax-compliance-act-fatca>

<https://www.treasury.gov/resource-center/tax-policy/treaties/Pages/FATCA.aspx>