

CHAPTER  
**4**

# Financial Accounts

## 4. Financial accounts

### 4.1 Overview

Once an entity has determined its FATCA classification as a Reporting Qatari Financial Institutions that is not otherwise exempt, it must identify:

- Whether or not it maintains any Financial Accounts;
- The type of Financial Accounts maintained; and
- Whether the account holder of those Financial Accounts are Specified US Persons or Controlling Persons of a Passive NFFE.

The Reporting Qatari Financial Institution must provide information to QCB on an annual basis in relation to Financial Accounts held by Specified US Persons. In the Agreement, these accounts are referred to as US Reportable Accounts.

### 4.2 What is a Financial Account?

The definition of a Financial Account is very broad. It may include products or obligations that would not normally be regarded as an 'account' in either other Qatari legislation or in everyday use. For example it includes all Cash Value Insurance Contracts, Annuity Contracts and Equity and certain Debt Interests.

For the purposes of the Agreement, a Financial Account is an account 'maintained' by a Reporting Qatari Financial Institution and is classified under 5 categories namely:

- Depository Accounts (see section 15.B.1);
- Custodial Accounts (see section 15.B.2);
- Cash Value Insurance Contracts (see section 15.B.3.1);
- Annuity Contracts (see section 15.B.3.2); and
- Equity and Debt Interests (see section 15.B.4).

The term "Financial Account" would include accounts maintained by Financial Institutions in accordance with the provisions of Division 3 of Chapter Four of the Law of Qatar Central Bank and the Regulation of Financial Institutions, issued by way of Law 13 of 2012 dealing with Islamic Banking.

Sharia Compliant Products may be considered as Financial Accounts under the Agreement. Therefore Financial Institutions offering Sharia Compliant Products should determine whether these products meet the definition of a Financial Account and identify, review and report accordingly.

#### ICON KEY

-  Practical Guidance
-  Example
-  Timing
-  Key facts
-  Reporting

It should be noted that not all accounts will be Financial Accounts for the purposes of the Agreement. Each category of Financial Account is subject to certain exclusions and exemptions. Details can be found in the relevant sections indicated above.

### 4.3 Accounts 'maintained' by Financial Institutions

In relation to each type of Financial Account, 'maintained' has the following meaning:

- A Depository Account is maintained by the Financial Institution, which is obliged to make payments with respect to the account.
- A Custodial Account is maintained by the Financial Institution that holds custody over the assets in the account, including a Financial Institution that holds assets in the name of the broker ("in street name") for an account holder.
- A Cash Value Insurance Contract or an Annuity Contract is maintained by the Financial Institution that is obligated to make payments with respect to the contract.
- Any Equity or Debt Interest in a Financial Institution, where that Equity or Debt Interest constitutes a Financial Account, is treated as being maintained by that Financial Institution where that Financial Institution is an Investment Entity.

The Reporting Qatari Financial Institution may maintain more than one type of Financial Account. For example a Depository Institution may also maintain Custodial Accounts as well as Depository Accounts.

The date when a Financial Account is created will depend on the type of account. An account will be created when the Reporting Qatari Financial Institution is required to recognise the account based on existing operating procedures or under the regulatory or legal requirements of the jurisdiction in which it operates.

A Financial Account maintained by a non-Qatari branch of a Reporting Qatari Financial Institution is not reportable by the Reporting Qatari Financial Institution and there shall be no liability or penalty on the Reporting Qatari Financial Institution for failure to comply.

### 4.4 Reportable Accounts

A Financial Account is a US Reportable Account in the following instances:

- It is held by one or more Specified US Persons; or
- It is held by a Passive NFFE with one or more Controlling Persons that are Specified US Persons.



Reporting Qatari Financial Institutions with no Reportable Accounts are still required to make a 'no reportable accounts declaration' on the QCB FATCA Reporting Portal on an annual basis.

Chapters 5 to 10 set out the due diligence procedures that must be followed by a Financial Institution, or by a third party on behalf of the Financial Institution, in order to identify Reportable Accounts.

## 4.5 Ceasing to be a Reportable Account

The Financial Account will cease to be a US Reportable Account in the following instances:

- If the account holder of a US Reportable account ceases to be a Specified US Person; or
- The Controlling Persons of a Non-US Entity cease to be Specified US Persons.



If the account holder or the Controlling Persons of a non-US Entity are Specified US Persons at any point in time in the reportable year, then the Financial Account will be a Reportable Account for that period and the final account value should be reported.



However, following a change of circumstance, if the Reporting Qatari Financial Institution is not in a position to review multiple statuses held during the reportable period when preparing their FATCA return (for instance if the account holder has had one or more changes in address), then the Reporting Qatari Financial Institution should treat the Financial Account as US Reportable Account if during the period it was ever identified as a US Reportable Account or was associated with any US indicia.