

CHAPTER
5

Due diligence

5. Due diligence

5.1 General Requirements

This chapter sets out the procedures Reporting Qatari Financial Institutions must carry out to identify Financial Accounts held by:

- Specified US Persons; or
- Passive NFFEs with one or more Controlling Persons who are Specified US Persons; or
- Non-Participating Financial Institutions.

The required procedures are mainly determined by reference to whether a particular account is:

- An individual or an entity account;
- A pre-existing or a new account; or
- A lower value or a high value account.

It is important that Financial Institutions follow the procedures set out in the Qatari IGA, and in these Guidance Notes, rather than those set out in the US Regulations.

5.2 Identification Process

One or more of the following processes must be followed by the Reporting Qatari Financial Institution for the identification of its account holders:


- Indicia search:
 - The Reporting Qatari Financial Institution can identify Reportable Accounts by searching for US indicia by reference to documentation or information held or collected in accordance with maintaining or the opening of an account; this may include for example information held for the purposes of compliance with Qatari AML/KYC rules.
- Self-certification:
 - The Reporting Qatari Financial Institution may obtain a self-certification from an account holder or Controlling Person of a Passive NFFE where applicable.
- Publicly available information (for entities only):
 - A Reporting Qatari Financial Institution may be able to determine, using information publically available, the FATCA status of an entity account holder. For example, a Reporting Qatari Financial Institution can reasonably determine that a Qatari Financial Institution or other Partner Jurisdiction Financial Institutions is a FFI on the

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basis of the Account Holder's GIIN on the published IRS FFI list.

There are several common concepts in the identification process and these are covered in more detail in the following sections.

5.3 Documentation to support an account holder's status

The following types of documentation can be used by a Reporting Qatari Financial Institution (or the third party service provider acting on behalf of the Reporting Qatari Financial Institution) to support an account holder's status:

- Acceptable Documentary Evidence
- IRS Withholding Certificates
- Self-Certification

5.4 Self-Certification

A Reporting Qatari Financial Institution can use its own forms to document an account holder's status and/or support a claim by the Account Holder that any indicia found do not properly represent the Account Holder's status. As such, Reporting Qatari Financial Institutions can rely on self-certifications in the following situations:

A Reporting Qatari Financial Institution may request a self-certification from **individual** account holders in the following situations:

- To capture the name, permanent residential address and country of birth of the individual;
- To establish the tax residence of the holder of a new individual account;
- To obtain a US TIN from a New Individual Account holder who is a US resident for tax purposes; or
- In order to show that an individual is not in fact a US citizen or US resident for tax purposes, even if US indicia are found in respect of a Lower Value or High Value Pre-existing Individual Account that they hold.

Self-certification is required in relation to **entities** as follows:

- To capture the entity name and country of incorporation or organization;
- To establish the status of an entity where a Financial Institution cannot reasonably determine that the account holder is not a Specified US Person based on information in its possession or that is publicly available;
- To establish the status of a Financial Institution that is neither a Qatari Financial Institution nor a Partner Jurisdiction Financial Institution, unless a Financial Institution's status can be established from an IRS published list;

- To establish whether an entity is a Passive NFFE;
- To establish the tax residence of a Controlling Person of a Passive NFFE and whether or not they are a resident in a relevant country for tax purposes.

The form must be signed by the account holder and dated. The form can include other information required for other purposes such as AML due diligence and should be in paper format.

A self-certification can be in any format and the term self-certification includes the use of withholding certificates, such as the IRS W Series forms, or other similar agreed forms.

5.5 Arrangements for establishing tax residency

In addition to establishing an account holders status as a US person, QCB/MOF require Reporting Financial Institutions to introduce and maintain arrangements to establish the tax residency of all account holders, i.e. not just determining their US status.

This requirement requires Financial Institutions to introduce systems for collecting and maintaining information regarding the tax residence of account holders from the date these Guidance Notes are issued and at the latest by 1 January 2016, in anticipation of subsequent FATCA like agreements such as those that conform with the expected Global Standard for Automatic Exchange of Information. This should minimize implementation costs whilst also enabling compliance with data protection rules.