

CHAPTER
9






Due diligence
(New Entity Accounts)

9. Due diligence (New Entity Accounts)

Highlights

- A New Entity Account is an account opened **on or after 1st July 2014**
- A US Reportable Account is an entity account that is:
 - A Specified US Person; or
 - A Passive NFFE with one or more Controlling Persons who are citizens or residents of the US.
- Reporting FI may **determine** an entity as an Active NFFE, PFFI, Qatari FI or other Partner Jurisdiction FI **on the basis of** the entity's GIIN, publicly available information, or information within the Reporting FI's possession.
- In other instances, an FI must obtain a self-certification to establish the account holder's status.
- NPFIs are not US Reportable Accounts but payments to the NPFIs are reportable.

ICON KEY

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

9.1 New Accounts for Pre-existing Entity Account Holders

Where a New Account is opened by an entity account holder who already has a Pre-existing Account the Reporting Qatari Financial Institution may treat both accounts as one account for the purposes of applying the due diligence requirements of the Agreement. In these circumstances, the Reporting Qatari Financial Institution may choose to apply the identification and documentation procedures for either Pre-existing or New Accounts to derive the FATCA classification for any New Account or Accounts opened on or after 1 July 2014 by the same entity.

9.2 Reportable New Entity Accounts

A Reporting Qatari Financial Institution must classify an account holder of a New Entity Account as either:

- A Specified US Person;
- A US Person other than a Specified US Person;

Chapter 9 • Due diligence (New Entity Accounts) |

- A Qatari Financial Institution or other Partner Jurisdiction Financial Institution;
- A Participating FFI, a Deemed Compliant FFI or an Exempt Beneficial Owner;
- An Active NFFE; or a Passive NFFE;
- A Non-Participating Financial Institution.

New Entity Accounts will only be reportable where there is an account holder who is:

- A Specified US Person; or
- A Passive NFFE with one or more Controlling Persons who are (US citizens or residents of the US).

If the account holder is one of those listed below, then the account is not a Reportable Account:

- A US Person other than a Specified US Person;
- A Qatari Financial Institution or Partner Jurisdiction Financial Institution;
- A Participating FFI, a Deemed Compliant FFI or an Exempt Beneficial Owner;
- An Active NFFE; or
- A Passive NFFE where none of the Controlling Persons are US citizens or resident in the US.

9.3 Exemptions that apply to New Entity Accounts

There are no threshold exemptions that apply to New Entity Accounts. Therefore, there is no need to apply any aggregation or currency conversion rules.

However, a Reporting Qatari Financial Institution is not required to review, identify and report a credit card account, provided that the Reporting Qatari Financial Institution maintaining such account has policies and procedures to prevent the account holder establishing a credit balance in excess of \$50,000.

9.4 New Entity Account Classification Process

9.4.1 Identification of an Entity as a Financial Institution

A Reporting Qatari Financial Institution may rely on publicly available information, a GIIN or information within the Reporting Qatari Financial Institution's possession to identify whether an account holder is an Active NFFE, Participating FFI, a Qatari Financial Institution or a Partner Jurisdiction Financial Institution.

Where the Financial Institution relies on the GIIN for any purpose it must verify the GIIN against the published IRS FFI list. In all other instances the Financial Institution shall obtain a self-certification from the account holder to determine the account holder's FATCA status.

It is possible that the name of the entity with the GIIN does not reflect the name of the account holder. This might be the case for example with respect to an entity that is a Non-Reporting Financial Institution or a Sponsored Entity. A Financial Institution can rely on the self-certification from the Non-Reporting Financial Institution however should still confirm the validity of the GIIN of the Sponsoring entity.

9.4.2 Identification of an Entity as a Non-participating Financial Institution

If the entity is a Qatari Financial Institution or a Financial Institution in another Partner Jurisdiction, no further review, identification or reporting will normally be required. The exception to this is if the Financial Institution becomes a NPFI following significant non-compliance.

If the account holder is a Financial Institution, but not a Qatari Financial Institution, Financial Institution in another Partner Jurisdiction or a Participating Financial Institution, then the entity is treated as a Non-Participating Financial Institution.

This applies unless the Reporting Financial Institution:

- obtains a self-certification from the entity stating that it is a Certified Deemed Compliant Financial Institution, an Exempt Beneficial Owner; or
- verifies its status as a Participating Financial Institution or Registered Deemed Compliant Financial Institution for instance by obtaining a GIIN (see Section 9.4.1).



If the account holder is a NPFI, then certain payments made to the account holder must be reported (see Section 11.3).

9.4.3 Identification of an Entity account holder as a Specified US Person

If the Reporting Qatari Financial Institution identifies the account holder of a New Entity Account as a Specified US Person, the account will be a Reportable Account and the Financial Institution shall obtain a self-certification that includes a US TIN (for example on a IRS Form W-9).

9.4.4 Identification of an entity as a Non-Financial Foreign Entity

If a New Entity Account is established as a Passive NFFE based on self-certification obtained for the Account Holder, the Reporting Qatari Financial Institution must identify the Controlling Persons of the Entity as determined under AML/KYC procedures and must determine whether any such person is a US citizen or resident.

To determine if the Controlling Persons of Passive NFFE are citizens or residents of the US for tax purposes, the Reporting Qatari Financial Institution must obtain a self-certification from the Account Holder or Controlling Person.

If the Controlling Persons are US citizens or residents for tax purposes, the account shall be treated by the Reporting Qatari Financial Institution as a Reportable Account.

9.5 Timing of Reviews for New Entity Accounts



For accounts that are not Pre-existing Accounts, the Financial Institution must perform the requisite identification and documentation procedures and obtain a self-certification upon account opening.

