

Annexure I – Entity Self Certification for FATCA Purpose

➤ **Non-Participating Foreign Financial Institute (NPFPI)**

A Foreign Financial Institution (FFI) that is not a participating FFI, a deemed-compliant FFI or an exempt beneficial owner

➤ **Pakistani Financial Institution (PFI)**

PFI is

- A FI resident in Pakistan, but excludes any branch of such FI that is located outside Pakistan
- A branch of a FI, which is not resident in Pakistan, but is located in Pakistan.

➤ **Partner Jurisdiction**

It is a jurisdiction that has in effect an agreement with the U.S. to facilitate the implementation of FATCA.

➤ **Partner Jurisdiction FI**

- A FI established in a Partner Jurisdiction, but excluding any branch of such FI that is located outside the Partner Jurisdiction
- A branch of FI, which is not established in the Partner Jurisdiction, but is located in the Partner Jurisdiction.

➤ **Deemed Compliant FFI**

A Deemed Compliant FFI in the context of Annex II of a Model 1 IGA is generally a Non-Reporting FI that is not required to register with the Internal Revenue Service (IRS) and certifies its status by providing a withholding agent with a valid US tax form W-8 BEN-E.

It includes non-registered local banks, retirement plans, non-profit organizations, Foreign Financial Institutions with only low-value accounts, and certain owner-documented Foreign Financial Institutions. However, in order to qualify as a Non-Reporting FI, it is essential that such FI must meet all the conditions as captured under Annexure II of the IGA Model 1 to ratify their status as such.

➤ **Non-Financial Foreign Entity (NFFE)**

A Non-Financial Foreign Entity is any Non-US entity that is not a Financial Institution. NFFE is further classified as Active NFFE and Passive NFFE.

➤ **Active NFFE**

It is an NFFE that meets **any** of the following criteria:

- a) Less than 50 percent of the NFFE's gross income for the preceding calendar year or other appropriate reporting period is **passive income** and less than 50 percent of the assets held by the NFFE during the preceding calendar year or other appropriate reporting period are assets that produce or are held for the production of passive income;
- b) The stock of the NFFE is regularly traded on an established securities market or the NFFE is a Related Entity of an Entity the stock of which is regularly traded on an established securities market;
- c) The NFFE is organized in a U.S. Territory and all of the owners of the payee are bona fide residents of that U.S. Territory;
- d) The NFFE is a government (other than the U.S. government), a political subdivision of such government (which, for the avoidance of doubt, includes a state, province, county, or municipality), or a public body performing a function of such government or a political subdivision thereof, a government of a U.S. Territory, an international organization, a non-U.S. central bank of issue, or an Entity wholly owned by one or more of the foregoing;
- e) Substantially all of the activities of the NFFE consist of holding (in whole or in part) the outstanding stock of, or providing financing and services to, one or more subsidiaries that engage in trades or businesses other than the business of a Financial Institution, except that an NFFE shall not qualify for this status if the NFFE functions (or holds itself out) as an investment fund, such as a private equity fund, venture capital fund, leveraged buyout fund, or any investment vehicle whose purpose is to acquire or fund companies and then hold interests in those companies as capital assets for investment purposes;
- f) The NFFE is not yet operating a business and has no prior operating history, but is investing capital into assets with the intent to operate a business other than that of a Financial Institution, provided that the NFFE shall not qualify for this exception after the date that is 24 months after the date of the initial organization of the NFFE;
- g) The NFFE was not a Financial Institution in the past five years, and is in the process of liquidating its assets or is reorganizing with the intent to continue or recommence operations in a business other than that of a Financial Institution;
- h) The NFFE primarily engages in financing and hedging transactions with, or for, Related Entities that are not Financial Institutions, and does not provide financing or hedging services to any Entity that is not a Related Entity, provided that the group of any such Related Entities is primarily engaged in a business other than that of a Financial Institution;
- i) The NFFE is an "excepted NFFE" as described in relevant U.S. Treasury Regulations; or
- j) The NFFE meets all of the following requirements:
 - i. It is established and operated in its jurisdiction of residence exclusively for religious, charitable, scientific, artistic, cultural, athletic, or educational purposes; or it is established and operated in its jurisdiction of residence and it is a professional organization, business league, chamber of commerce, labor organization, agricultural or horticultural organization, civic league or an organization operated exclusively for the promotion of social welfare;
 - ii. It is exempt from income tax in its jurisdiction of residence;
 - iii. It has no shareholders or members who have a proprietary or beneficial interest in its income or assets;
 - iv. The applicable laws of the NFFE's jurisdiction of residence or the NFFE's formation documents do not permit any income or assets of the NFFE to be distributed to, or applied for the benefit of, a private person or non-charitable Entity other than pursuant to the conduct of the NFFE's charitable activities, or as payment of reasonable compensation for services rendered, or as payment representing the fair market value of property which the NFFE has purchased; and
 - v. The applicable laws of the NFFE's jurisdiction of residence or the NFFE's formation documents require that, upon the NFFE's liquidation or dissolution, all of its assets be distributed to a governmental entity or other non-profit organization, or escheat to the government of the NFFE's jurisdiction of residence or any political subdivision thereof.

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➤ **Passive Income**

Passive income means income other than trading income (income from core business) and would include, for example (a) Interest (b) Income equivalent to interest, including amounts received in lieu of interest (c) Rents and royalties (d) Annuities (e) Foreign currency gains.

➤ **Controlling Person**

Controlling Person means a natural person who exercise control over an Entity. In case of Limited Company/Corporation, Directors and individual (natural persons) shareholders holding 20% or above stake will be treated as Controlling Person. If legal person holds 20% or above stake in an entity, identify and obtain information of individuals (natural persons) holding shares equal to 20% or above of that legal person. In case of Partnership, all partners will be treated as Controlling Persons.

➤ **Related Entity**

An entity is a related entity to another entity if one entity controls the other or the entities are under common control, where “control” is defined as a direct or indirect ownership of more than 50% of the vote or value in an entity.

➤ **Specified U.S. Person**

A Specified U.S. Person is any U.S. Person who is not excluded from the definition of a Specified U.S. Person.

Therefore, to classify an entity or individual as a Specified U.S. Person, it should first meet the definition of a U.S. Person then the following exceptions should be applied:

- Any corporation the stock of which is regularly traded on an established securities market.
- Any corporation which is a member of the same expanded affiliated group as a corporation the stock of which is regularly traded on an established securities market.
- Any organization exempt from taxation under IRC Section 501(a) or an individual retirement plan.
- The U.S or any wholly owned agency or instrumentality thereof.
- Any State of the US, any US Territory, any political subdivision of any of the foregoing, or any wholly owned agency or instrumentality of any one or more of the foregoing.
- Any US regulated bank.
- Any US real estate investment trust.
- Any US regulated Investment Company.
- Any US common trust fund.
- Any US trust which is tax exempt or is a charitable trust.
- A registered dealer in securities, commodities, or derivatives financial instruments (including notional principal contracts, futures, forwards, and options).
- A US broker, who is a dealer, a barter exchange, or any other person who regularly acts as a middleman with respect to property or services.

➤ **US Person**

- A US Person is an individual who is a citizen or resident of the US (a resident of the US includes an individual who is a green card holder or who meets the substantial presence test); or
- Corporation, partnership, estate and trust organized in the U.S. or under US laws.

➤ **FORM W-8BEN - Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding**

IRS Form entitled “Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding.” In general, the person providing this uses it to certify its status as a non-US person and that it is the beneficial owner of the income to which it relates.

➤ **FORM W-9 - Request for Taxpayer Identification Number (TIN) and Certification**

IRS Form entitled “Request for US Taxpayer Identification Number and Certification.” The person providing this uses it to certify its status as a US citizen or other US person.