An Analytical Study of the Accounting and Taxes effects of the American Foreign
Accounting Tax Compliance (FATCA) on Financial Institutions

(Evidence from EGYPT)

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Abstract

The (FATCA) Foreign Financial Accounting Tax Compliance Act to operates outside USA and does not have its residence within the state as a permanent establishment and the tax low compliance to notify IRS, in all transactions with the holders of U.S. Citizen, in order to improve tax compliance for the purposes of disclose taxable income for taxpayers of United States (natural persons and Juridical persons). against their investments in financial institutions abroad, and facing the banking sector problem in compatibility and meet the needs of apply the FATCA law, to make financial reports and disclosing secrets clients to commit to supply the IRS. All transactions and their data and only apply it financial penalties as a result of non-compliance to provide such data, and therefore must to be an amendments, legal and financial information, administrative and marketing. This researcher for scientific research to study the cost implications of making those amendments for the development of the financial reports of the bank documents and contract with the client, and is a reluctance to deal with the bank a factor lower profits, in addition to reconsider the some law (anti-money laundry), as well as reconsider the tax agreements with the U.S. government, and after the applying study, the results of the statistical data showing the researcher rejected the hypotheses according of SPSS and the application of the FATCA law, lower revenues and then banks decrease their incomes. So decrease the tax revenue for Egyptian Tax Authority (ETA).

The results of run the data that he does not fear the outcome of the ETA because most financial assets of USA investments of banks outside of Egypt, not Egyptian banks, and then there is no impact on the revenues of Egyptian banks, and therefore no impact on the income tax. The researcher recommended that the agreement on reciprocity when contracting the application of the requirements of FATCA law, with the modifications that have been proposed researcher at the compliance of requirements of the law, of procedural and legislative amendments and financial reporting.
Introduction:
The American congress passed the Foreign Accounts Tax Compliance Act (FATCA) in 18th of March 2010 as a part of the Hiring Incentives for restoring Employment Law (HIRE)\(^1\) to restore the Employment rates; this is considered as important changes of the American efforts exerted to anti-tax evasion.

The American Internal Revenue Service’s (IRS)\(^2\) pointed out that the main goal of the FATCA law is to improve tax compliance of those who has the American nationality to include disclosing all their foreign accounts. According to this law, the Americans who taxpayers and whose Foreign Financial assets exceed certain limits must disclose about their assets to the Internal Revenue Service’s (IRS) on the (FORM: 8938). This is considered as a development to the Financial reports related to white funds (FBAR)\(^3\) which obligates all Americans to disclose their Foreign accounts (anti- money laundry) outside the United States of America. However, these reports became insufficient for the Internal Revenue Service’s (IRS) concerning bringing back taxes out of commercial profits of Americans staying outside America.

The research problem
The research problem are the challenges that encounters the banking sectors all over the world and specially in Egypt in agreeing and fulfilling the demands of the FATCA law like presenting Financial reports and revealing the customers secrets of Financial Institutions, those who are staying outside America, so the law obligates them to supply the American taxes authorities with all the data and transactions of their customers of American nationality otherwise they will be exposed to Financial penalties as a result of not compliance to the law and presenting the data. Consequently, there should be a chain of Financial, legal, informational, administrative, and marketing modifications, in addition to the accounting modifications done by the researcher to develop banks reports and contracts in order to keep banks customers from escaping from the bank which will affects the banks customers leading them to decrease along with the bank revenues. So there should be an accounting study to explore the effects of the FATCA law on banks and reconsidering the accounts privacy law and anti-money laundry agreements and prequalifying those working in banks and reconsidering the taxes agreements with the American government. So, the researcher presents all these challenges to be studied and tested and getting conclusions, results, and recommendations to be presented to decision makers to approve or disapprove having agreements with the American government to show to what extent the FATCA law should be applied.

The research importance:
The importance of the research returns back to the interest of the American government in maximizing its taxes through obligating the Foreign Financial Institutions to supply the taxes authority with a chain of data about their American customers to take their taxes on revenues that

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\(^1\) - Hiring Incentives to Restore Employment  
\(^2\) - Internal Revenue Services  
\(^3\) - Foreign Bank and Financial Accounts.
come out their Financial Assets invested outside the American region\(^4\) with regard to the customers privacy according to the laws applied regarding the customers privacy or even exposing the profits of the banks to decline as a result to the decline in the customers number escaping from revealing their data. It also important in knowing the forms existed in the data of the American Treasury for suppliers to disclose their revenues that the American individuals (Natural or Juridical Persons) get out of their investments outside the American region.

**The goals of the research:**
The main goal of the research is:
Studying the effects of implementing of the FACTA law on Egyptian Financial Institutions and the total revenue of income taxes, in addition to other secondary goals like:

1- Presenting financial reports according to the FATCA required and regulations.
2- Knowing the most important financial reports that Foreign Financial institutions commit to.
3- Solving the challenges that encounter implementing the FATCA law regarding financial institutions (Banks), Egyptian Tax Authority and suggestions to solve these challenges.

**The research limits:**
Studying related to the financial effects of implementing the FATCA law on the revenues of the banks and income taxes. So, studying the effects of implementing the FATCA law on Insurance and reinsurance companies, investments funds, Special funds, and other financial institutions is not included in the research. Therefore, studying the effects of implementing the FATCA law on taxes of banks revenues is the only focus of study.

**The research Hypotheses:**
1- There are no differences that have statistic significant between the answers of the study categories of having any concrete effect of required implementing the FATCA law on the revenues of the Financial institutions in Egypt.
2- There are no differences that have statistic significant between the answers of the study categories of having any concrete effect of required implementing the FATCA law on the revenues of Egyptian Tax Authority.

**The research methodologies:**
1) **The inductive methodology:**
   Through a field study to the research hypotheses that include preparing quaternary lists that depends on five- progression.

2) **The extrapolation methodology:**

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\(^4\) - Jorge Morley-Smith says, "Cutting claws of the FATCA", Money Marketing, (Nov 17, 2011)
Through taking a look or the previous thoughts and ideas in accounting in addition to scientific researches, and articles related to the research topic whether they are foreign, regional, or local.

The research Plan:

To achieve the research goals, the researcher divided it into several chapters:

- **The First chapter:** The challenges that facing banks when implementing FATCA law and suggestions for solutions.
- **The Second chapter:** The challenges that faces the Egyptian Tax Authority in implementing the FATCA law and solutions to solve it.
- **The Third chapter:** A field study to measure the effects of implementing the FATCA law on banks revenues and income taxes on its revenues in Egypt.
- Results
- Recommendations
- Reference

The Previous Studies

Study (Marsan, Dean: 2010)\(^5\)

The study referred to the importance of that the global Financial system now must implement to the required of the FATCA law and preparing Financial reports and detected the withholding taxes from all the foreign accounts of all Americans for anti-tax evasion on the level of America and the countries that will have agreements of liability to this law as it brings taxes profits on the governmental level and the study recommended being committed to it. All other countries should make agreements to apply the law as it is important as long as it brings mutual interests and fair treatment.

Study (Abou Al –Fotouh)\(^6\)

The study referred to the hardships that faces the banking sector in Egypt because of the American tax law issued in 2010 which will be applied in 2013. The study shed light on the increase in the operating costs and the radical changes in the payment systems and the customers data that the Banking institutions will be responsible for as a result of implementing the FATCA law. The study also presented some solutions for the challenges encountering some banks as a result of implementing the FATCA law.

Study: (Fariz Huseynov: 2012)\(^7\)

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\(^6\) Hany Abd Elfatah. 21agst 2012 Elwafd Porto - http://www.alwafd.org/ID1J6)/254982

\(^7\) Fariz Huseynov, Bonnie K. Klamm, "Tax avoidance, tax management and corporate social responsibility". Journal of Corporate Finance, Volume 18, Issue (4, September 2012), Pages 804-827
This study tackled the relationship between tax avoidance and the taxes-department of companies from the social responsibility perspective on implementing the FATCA law and the possibility of improving the operating costs and decreasing any kind of possible losses as a result of the compliance to the FATCA law. It reached a solution of how to avoid aggressive tax avoid as it represents the negative part in contributing of the shares in the public expenditure and it is important for the tax authority to present a complete and enough and honest disclosure of Natural or Juridical Persons of all the transactions of Americans outside America with a complete liability in paying the taxes as they are holders of the American nationality to avoid penalties and fines.

**Study (John Hussledin: 2012)**

It tackled the effects of tax avoidance on social responsibility of corporations from the perception of the American Financial institutions corresponding to the foreign banks to commit to tax compliance and commit to the financial assets invested outside America and paying taxes from the profits that come out of it which will contribute in the public revenues. Consequently, the goal of implementing the FATCA law will be fulfilled like fighting unemployment and tax avoidance. The study recommended a full compliance to the law so the banks will not be exposed to a decrease in its revenues as a result of discounting that the American Treasury will do on their transactions with American Financial institutions that reaches 30% of their transactions.

**Study (Christopher: 2012)**

It tackled the profits that the corporations get out of tax planning to avoid the risks of not applying compliance of FATCA law represented in anti-fines as a result of not a full disclosure of the foreign Financial institutions transactions of not presenting a full disclosure of the Financial Assets outside America and dealing with the transferring prices to avoid paying high tax rate in the country of residency. The Study referred to the importance of tax planning of corporations to keep their The tax savings that they get when depending on a taxes consultant that helps them in avoiding a high taxes rate or at least avoid fines. The study also recommended that banks should have a balance between costs and revenues before start to apply the FATCA law.

**Study (Roberta: 2012)**

The study tackled measuring the revenues exposed to taxable and the full compliance to meet the required of implementing FATCA law from a behavioral perspective as the study referred to the importance of the psychological dimension in implementing FATCA law and the disclosing the revenues exposed to taxes whether gained inside or outside the country related to the FATCA law of the income taxes as empathy and tax liability increases the resources of the homeland.

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country. The study recommended that there should be an interest in the psychological dimension in issuing taxes laws. Banks dealing with those customers should study the dimensions related to the possibility of the decline of its profits as a result of the American penalty imposed on them when they don’t comply to supplying the American Treasury with data and information about their American customers.

The first Chapter

The challenges that facing banks when implementing FATCA law and suggestions for solutions

The FATCA law addresses Foreign Financial institutions (FFIs) existing outside the United States and which has no headquarter inside the American region permanent establishment and those obligated by the law to inform the American Internal Services with all its transactions with American nationality holders through reports prepared annually otherwise there will be a 30% discount from the transactions of these Financial institutions when dealing with its American counterpart. So, the foreign Financial institutions that don’t have agreements with the American government, will face discounting from its transactions (Interests, profits, securities revenues, dividend, etc.) with its correspondents with American institutions to anti-tax evasion of American individuals whether (Natural or Juridical Persons) in return of their assets in investments abroad. For example:

<table>
<thead>
<tr>
<th>Financial institutions that accept deposits</th>
<th>Financial institutions that have Financial assets to others</th>
<th>Financial institutions concerned with investments or reinvestments</th>
</tr>
</thead>
<tbody>
<tr>
<td>-Specialized Banks.</td>
<td>Corporations.</td>
<td>-Mutual Funds.</td>
</tr>
<tr>
<td>-Commercial banks.</td>
<td>-Clearing Companies.</td>
<td>-Special funds.</td>
</tr>
<tr>
<td>-Associations donor loans.</td>
<td>-Affiliated companies</td>
<td>-Futures &amp; Option</td>
</tr>
<tr>
<td>-Credit Union.</td>
<td>-Security.</td>
<td>-Investments capital.</td>
</tr>
<tr>
<td>-Condominium.</td>
<td>-Insurance companies.</td>
<td>-Services and products management.</td>
</tr>
<tr>
<td>-Co-operative building societies.</td>
<td>-Reinsurance companies</td>
<td>-Pension funds.</td>
</tr>
</tbody>
</table>

According to a study made by the Arabic banking unions in this field, they suggest the amount of money possible to be collected for the American Treasury can be estimated as 800 million

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11 - Foreign Financial Institutions, such as: Banks, Stock exchange, insurance companies, brokerage houses, Companies Financial Brokers, Mutual Funds, money funds…and etc.
dollars if 30% is to be detected in the first year of implementing the law and more than tenths of milliards if these amounts are to be detected directly through banks.\textsuperscript{14}

Egypt and other countries are getting ready to apply the regulations of the law to pursue customers of American nationality who tax liability paid to their countries through creating bank accounts or investing in countries that don’t impose taxes on capitalist transactions avoiding penalties imposed on the banks that don’t co-operate with the American Treasury; estimated as 30% of the transferring value; regardless to the owners of these processes. This is considered as obligating American taxpayer to pay their taxes and preventing them to use deposits, fund, etc. in other countries to hide their money and evade taxes according to the American law, consequently. So, this law focuses mainly on taking care of the American interests regardless to the other countries interests unless there is a fair treatment since connections between countries is are based on mutual interests. Consequently, Financial institutions that have mutual interests with America will sign agreements by which they will be assigned to tell about the American customers data and transactions through annual reports to the American Treasury represented in the American Internal Revenues of Services (IRS) including their data and transactions as they are assigned to pay their taxes even if they have their green cards for pursuing those who evade paying their taxes and for supplying the American Treasury.

**International Banking Institutions:**
A state of debate and worry prevailed among banking sectors of how possible is it to apply the FATCA .They wondered if the Foreign accounts taxes compliance act is a chain of procedures that aims at forcing and enslaving all countries of the world to serve the American interests and if it is a true desire to prevent tax avoidance and anti-money smuggling and money-laundering, especially that the number of people who must pay their taxes outside America and who evade taxes through smuggling their money outside America reached 17 million people as they are subject to tax as long as they have an American nationality even if he’s not staying in America.\textsuperscript{15} Thus, banks will be required to update the data of the customers of American nationality especially if he is obligated to pay the taxes according to the FATCA. Also, there should be an update in the, system and creating new systems for annual reports to present all the data needed for the American Treasury. All these ideas represent new expenses for the banks to take over.

May be the lack of a data base as an only resource for information in some countries and banks where data is stored for recovery through different systems which are not related to each other which affects the truthfulness and confirmation about the accuracy of the customer’s data and to what extent should we depend upon it. In addition, it may be hard to know All the American customers whether inside or outside America and getting the acceptance of the customers to disclose their data to the American authorities and understanding what should be done for those who refuses presenting their information in addition to the lack of awareness of the law and its


requirements and its effects and the expenses that banks will be responsible for which will hinder getting more profitability.

Officers in banks and institutions have some reservations that implementing the regulations of the law will be costly. In addition, the new act regulations go in contrast to the laws of the customers banking privacy applied in many countries. So, it can be said that this law is .......... Financial institutions to supply the American taxes authorities with all the data available about American individuals (ordinary or corporations). So, it is clear that Financial institutions should comply to the act and adapting to it for the mutual interests among countries. However, some studies shows that it is difficult to apply the law now as Financial institutions need some modifications in its Financial systems and accounting ways to be ready for an ideal implementing of the act. So it’s important to postpone implementing the law for some extra years. 16

A lot of banks in so many countries showed a desire to apply the FATCA law after studying it to know its required expenses and resources and the stages of execution And to what extent is it suitable for its local according to the law on one side and the correspondent banks on the other ideas the American Treasury published in July 2012 or more than may be 2015. An ideal agreement among five countries which are: Germany, France, Italy, Spain, and the United Kingdom. This agreement is concerned with exchanging data among these countries and it determined specified procedures of how to exchange this data. According to the law, foreign countries can get all the data needed from the American administration about accounts kept in American Financial institutions from those staying at their countries. However, other countries refused to accept the law like China and Japan. 17

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The Egyptian situation:
The Egyptian Central bank held a chain of seminars for the Arabic banks Union to discuss and consult each other to find ways of dealing with the act since Egypt has its own banking laws (The Egyptian Central Bank Act)\textsuperscript{18} that preserve the privacy of bank accounts dealing with the banking sector. So, a foreign act, which may contradict with the Egyptian law articles, cannot be imposed. As a result, there should be a legislative change for the accounts privacy. Consequently, it’s illogical and unacceptable that a change takes place in the Egyptian law allows the Americans to apply a law on their citizens in countries that has its own sovereignty. So, the Egyptian Central Bank is the only decision maker concerning implementing that law or not implementing it with giving much care to the Egyptian Banking Sector. However the researcher sees that there is no problem of implementing the act in Egypt as we can demand a fair treatment like what other countries did like the United Kingdom, Germany, Italy, and other countries that accepted implementing the act as there is no clear penalties for the countries that refused to apply the act, but there will be some indirect penalties related to dollars transactions and transfers to the banking institutions that deals with American individuals. So, if this law to applied, there should be an addition of an article in the applications of creating new accounts revealing the customers nationalities for if he is American; then he should comply to the law. So, banks will discount the amount of money needed for the American Treasury even if this law has cancelled all the Golden legal regulations related to law prevailing which is related to the regionally and the impossibility of implementing it outside the region. As a result, there should be a revision of the accounting systems applied in banks like requests for creating accounts, demand and time deposits ,requests for letter credits ,revising the banking regulations, qualifying those working in banks, organogram, to apply the regulations of the law technically and legally and whether there are enough supplements or not, the availability of experts and experts to update, supply or construct these organograms to know how to apply the law to get the allowance to get the private data of the customers and their transactions through presenting annual reports with the necessity of the customers signature on a sample that allows banks to exchange their information with the American Treasury and getting their approval for discounting their taxes from if the American government asked for it which shows the intelligence of the American taxes authorities in bringing back their resources with all possible legal ways even on accounts of the country’s sovereignty so there will be a maximization in the resources inside and outside the American region.

Moreover, the Central bank should shed light on the penalties in case that any bank refused the compliance to the act or implementing the law or taking decisions like not to open any new accounts to their American customers or getting rid of their American customers as a strategic option for the bank ,so it is required to know the distribution of those customers in on the Arabic and regional level and its effects on escaping the investors from Egypt and it is also required knowing the economic penalties that are going to be imposed on those who refuses to co-operate and apply the FATCA law and how it will reflect on the marketing and competing position of the

\textsuperscript{18} - Egyptian Central bank Low No. 88 for 2003 Year. Act.
bank: as all these things are challenges facing the banking sector. The unanswered question is, which represents one of the most important challenges, will the American government have the right to investigate and supervise on banks in general to check its accounts and the accuracy of its data and how much it includes data of American customers.

For agreeing upon the act, it is suggests that Egypt follows what other countries did which is having agreements allowing them to apply the FATCA law in the near future as may be it will be normal that there will be a fair treatment through differential treatment according to the public interests without any clashes among the agreements of the two countries or money-laundering and the common interests that connects the two countries.

According to the act, financial institutions will be complying to do the following:

1) Knowing the identities of the accounts owner through certain procedures.
2) Presenting annual reports to the American Treasury about the American customers there or any foreign properties that have an American ownership.
3) Reserving and paying 30% of any amount of money of American source of income to the American Treasury and the total money of selling securities that brings income from an American source:
   a) Foreign Financial institutions or
   b) Individuals like accounts owners who failed in saving enough data to determine whether or not the customer is American or not.
   c) Foreign companies accounts that failed in having enough data about the identities of their American customers of big shares.

**Revenues comply with the FATCA:**

1- Interests of deposits and revenues of bonds and financing instruments.
2- Dividend of shares and investment instruments.
3- Royalty of trademarks and Knowhow.
4- Capitalist Gaines.
5- Others.

**Revenues that comply with the FATCA law:**

1- Banks deposits.
2- Contracts of Hedging (Credit cards contracts, Options, futures, contracts of changing banking prices and interests on bonds)
3- Contracts of mediation with trade institutions and traders.
4- Brokerage contracts.
5- Securities of all kinds.
6- Contacts of insurance and reinsurance.

Implementing the FATCA law doesn’t include Buildings investments and revenues of collections of antiques, Gold, Cars, and other concrete properties as long as it’s for personal use.
The researcher suggests a package of modifications for banks must to be doing if the law applied in Egypt:

1- Procedural modifications:
Includes revising documents and forms related to the customers accounts to supply banks with information about the customers nationalities and their money sources and modify in the documents of creating accounts and adding the article of approval of exchanging of information between the bank and the American government and that it is not private anymore.

2- Modifications in Information Technology:
Includes informing the customers with his transaction which the American Treasury got notified with to be aware of what is being disclosed about as a part of his tax compliance of his foreign revenues. In addition to, constructing new technological scales by which the law can be applied technologically. Moreover, there should be a supplying resources to support and updating the construction of this technology in order for the infrastructure of information technology suitable and ready to apply the act.

3- Legislative Modifications:
- It’s a modification the Central bank law allows all banks in Egypt revealing all the customers secrets to the American Treasury avoiding accounts privacy.
- Implementing an agreement between the two countries imposing exchanging information through a fair treatment.

4- Administrative modifications:
The development of administrative structures, constructing a sector concerned with issuing financial reports and disclosing it back to back to the American Treasury. In addition, there should be a development in those working in the administration and training them to an extent that would grab the customer’s attention that these procedures are important for him not to be located under the penalty of law concerning those of American nationality.

5- Marketing modifications:
Through varying in the banking products and maximizing marketing campaigns and promotion to activate marketing the banks products in most of the American region to encourage the American society to prove how committed banks are to the requirements of the American laws for getting the American governments’ trust for banks to attract more customers who are more taxes committed than others.
Concerning costs and benefit, these modifications will, for sure, lead to the increasing the operating costs which will affect the increase of profitability as a result of the increase in the costs. However, these modifications will help in increasing Egypt’s bank and categorization to the international institutions based on banks categorization ;therefore, this will increase its transactions with American customers and the increase of banks revenues on the long term.
The second chapter
The challenges that faces the Egyptian Tax Authority
In implementing the FATCA law and
Solutions to solve it

The act also to call taxpayers of American nationality and demands that they present annual reports on the form specified for those purposes (FORM:8983) about their Financial assets invested outside The United States of America in Foreign Financial institutions or any other Foreign institutions if these investments exceeds 50 thousand dollars for Natural Persons or 250 thousand dollars for Juridical Persons starting from the date of issuing this law :18th of March 2010, tax return, and who will not comply to present these information is going to pay a fine ranging from 10 thousand dollars to 50 thousand dollars in addition to an extra penalty reaches 40% of the due taxes of these hidden transactions with the Foreign Financial institutions. Statistics showed that approximately 17 million people evade taxes.\textsuperscript{19}

It’s worth mentioning that the American taxes law now impose taxpayers to present reports about all their transactions with Foreign banks (FBAR) to the taxes administration. However, these reports don’t represent a compulsion against the Foreign Financial institutions in telling the information related to customers of American nationality towards the American Treasury. So, it was a necessity that The FATCA be issued in addition to that the data mentioned in (FORM: 8983) is considered more inclusive than before.\textsuperscript{20}

The American Internal Revenue Service’s issued executive instruction for the FATCA law indentifying that the last date for making agreements with the foreign Financial institutions is 30th of June 2013 and for those institutions to present to the American tax administration annual reports with all their transactions of American individuals (Natural - Juridical) and incase these reports were not presented, the assigned penalty will be applied on them, about the previous year. These penalties starts to be applied by discounting 30% on all what it gets of incomes of American individuals for Foreign Financial institutions and ..........starting from the firt of January 2014 with hiding all expenses of American sources for these institutions completely starting from the first of January 2015.\textsuperscript{21}

\textsuperscript{20} Roger S. Wise, Mary Burke Baker, "Next phase of FATCA guidance arrives with proposed regulations and announcement of possible intergovernmental approach". Journal of Investment Compliance Volume: 13 Issue: 2 2012
\textsuperscript{21} For more details:
- IRS-2012-15: Treasury, "IRS Issue Proposed Regulations for FATCA Implementation", Treasury Department Documents and Publications. (Feb 8, 2012)
This act is considered as a complete violation to countries sovereignty for all the members of the General Assembly of the United Nations in a way that represents danger to all the financial transaction of banks with the outsider world as its articles goes in contrast with the national sovereignty of countries. As a result it is considered a violation from the United States in the National Sovereignty of countries. However, others may considered as a way of preserving the American taxes total collected gaining’s and that applying it is one of the ways of anti-tax evasion, so these obligations on Financial institutions to reveal the data and information about customers of American nationality is for the interests of the American Treasury and anti-tax evasion.\footnote{Moore, Bela, "FATCA may cause legal strife for super funds". Money Management \((03 Oct 2012)\).}

The Assembly of Caring for the interests of taxes payers staying abroad recommended the necessity of being aware when writing a Form (9838) on the level of the individual taxpayer or his wife if she has a separate tax filling, or on the corporation level, even. Taxpayers also should read the instructions written in the Form before filling the applications and to ask for the consultants help if needed to answer any inquiries.\footnote{For more details: }\footnote{Merricks, Maria."FATCA: How it affects your firm". Professional Adviser \((Aug 4, 2011)\) P.P:22-23 \footnote{Treitel, David."Advising your American clients. Professional Adviser \((Nov 3, 2011)\) P.P: 25, 31} (The Form attached among the appendences).

Some people says that this law will cost the American Treasury more than the money it gets as many Global Financial institutions may refuse to supply The American Treasury with information or revealing its customers data preserving its relationship with its customers which may make them refuse to meet the demands of the American Treasury even if it will stop dealing with them.\footnote{Walker, David. "FATCA 'failure' will cost the US" Investment Europe, \((Jun 28, 2012)\) P.P: 37, 38.}

For the sake of the implementation of the law, we need to look at the English experiment in this field as The United Kingdom decided to have an agreement with the United States to implement this law as it hinders the British Financial institutions in investing with American people as the law imposes a penalty by discounting a tax from the main transactions of these institutions with its American counterparts or any of its assets inside America. Consequently, we can’t compensate these amounts of money unless they met the demands of the FATCA and notifying the American Treasury with all the Americans transactions. As a result, the American Treasury will be going to notify all those institutions of late taxes to reserve the American assets mentioned in these institutions accounts and importing it to IRS Consequently, It is gets taxes and penalties from corporations outside America.

When the British government presented the agreement to the House of Commons to approve on implementing the law in Britain, it’s obvious that it approved in order to preserve its profitability for its National Financial institutions whether the General or the private ones which have
connections of mutual interests between them and American Institutions with American customers for preserving the least amount of remaining in business.

One of the challenges that face the Egyptian taxes Authority on Egypt’s approval to implement the law is represented in the answer to the questions:

*Does the Egyptian government have the right to ask the American institutions to supply it with all the data and transactions of its Egyptian customers staying in America with American accounts?* Also, if it is its right to ask for, will the American government discount the amount of taxes needed and importing it to Egypt at the time when America haven’t send any of the smuggling money, in their banks and Financial institutions, of the corrupt that The 25th of January revolution scandalized. So, there should be conditions for implementing the FATCA and for a fair treatment as mentioned in agreements of preventing double-taxes.

**The third chapter**

*A Field Study*

to measure the effects of implementing the (FATCA) Law on
Egyptian Banks Revenues and
Total income taxes on Profits it

1- **The goal of the study:**
The Field study aims at testing the Hypotheses presented in the introduction of the study and checking its accuracy concerning the resulting effects of implementing the American law on banks revenues, and consequently the resulting losses of the refusal of banks clients to deal with banks avoiding revealing the truth of their transactions with the banks and the effects on the total taxes revenues (Income Tax) as well.

2- **The Community of the Study**
The researches tackled the following categories in his study:

2/ 1- Managing Directors and managers of administrative and financial sectors and Financial Managers in banks operating in Egypt. The researcher tackled also a sample of 12 banks in different banks of Egypt that reaches 32 banks with approximately 65 managers.

2/ 2 - Those responsible for supervising on the performance and planning critical policies and supervising on the quality of the banking performance and the international agreements in the Egyptian Central bank and those responsible for professional training of the Egyptian Banking institutions whose number reached 50 administrators

2/3 - Technicians of the Egyptian Tax Authority from Field Directors and general managers of the Division of inspection tax offices of the joint corporate tax office in Cairo and Alexandria
and large taxpayer center and the officials of concluding the international agreements totaling 60
director and administrator.

2/4 - Auditors from a partner and a manager partner and co-director of the audit sector,
professional staff in auditing offices in Egypt from foreign correspondents offices (big four) who
audit the financial statements of banks operating in Egypt, totaling about 75 auditors of joint
stock companies.

3- Sample of the Study:
The researcher used a random natural sampling method, where the population of the study
consisted of 4 groups distinct from each other, and to determine the sample of the study, the
researcher to explore the community through the study of a prospective study consisting of (10)
Single prepared as follows:
3/1 Calculate the study sample:
The researcher used the ratio method to reach a sample that represents the population of the
study statistically balanced to meet the search results, and has been as follows: 3/1/1- calculate the study sample when the withdraw is by return.

\[ n = Z_{\alpha/2} \cdot P \cdot Q / d^2 \]

\[ n: \text{ A sample size when the withdrawal return} \]
\[ Z: \text{ A tabular value under the curve normal distribution and I've been assuming that the level of} \]
\[ \text{significance} = 5\% \text{ and thus} \]
\[ Z_{\alpha/2} = Z_{0.025} = 1.96 - 2 \]
\[ P: \text{ A percentage in the population of the study and has been replaced parameter (the ratio in the} \]
\[ \text{study population), by the statics value calculated by the survey, it was found that the results} \]
\[ \text{of the study} (P = 80\%) \]
\[ Q: \text{ The ratio represents a complementary factor community where} Q = 1 - P \text{ and thus due to} \]
\[ \text{the unavailability of the factor community.} Q= 1 - p \]
\[ d: \text{ An allowable error in statistical inspection and it has been assuming that the error is in the} \]
\[ \text{range of 5\%. Applying the previous law by the results of the pilot study, the researcher} \]
\[ \text{suggested the following:} \]
\[ n = 2 \ast 0.80 \ast 0.20 / (0.05)^2 = 72 \]

3/1/2- calculate the study sample when the withdrawal returned without: The researcher used the
following law:

\[ n_0 = \frac{n}{1 + n / N} \]

\[ n = 72 \]

\[ (1 + 72) / 250 = 55 \]

\[ n_0: \text{ A sample size when the withdrawal is without a return} \]
\[ N: \text{ the size of the community} \]
\[ n: \text{ A sample size when the withdrawal and returns have been calculated in the previous step.} \]
3/2- distribution of the study sample:
The researcher used the method of allocation Proportion in order to distribute the study sample to the categories of the study by the size of the class within the community, have been distributed (55), a questionnaire amounted answers unanswered (7) form and thus, the number of correct forms of which 48 form .. The following table shows the sample of the study distributed according to four categories, as well as response rates for each layer separately and in accordance with the correct forms received from the study sample.

<table>
<thead>
<tr>
<th>No</th>
<th>Study Groups</th>
<th>The Real Sample of the Study</th>
<th>Sample of the study:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>%</td>
<td>Q</td>
</tr>
<tr>
<td>1</td>
<td>Managers in Egyptian Banks</td>
<td>25</td>
<td>12</td>
</tr>
<tr>
<td>2</td>
<td>Officials of the Central Bank</td>
<td>17</td>
<td>8</td>
</tr>
<tr>
<td>3</td>
<td>Managers in the Tax Authority</td>
<td>29</td>
<td>15</td>
</tr>
<tr>
<td>4</td>
<td>Auditors</td>
<td>29</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>48</strong></td>
</tr>
</tbody>
</table>

4 - Statistical methods used:

4/1 The data were described statistically through the repeated distribution and the percentage distribution and some measures that are describable as the arithmetic mean and coefficient of variation.

4/2 Distribution (Chi-Square) and hypothesis testing to determine the presence or absence of any tendency towards a certain direction in the data, making it more accurate.

The distribution is used to (Chi-Square) to test hypotheses which relates to distributions repeatability and other probability distributions and non-probabilistic Through this distribution can be compared duplicates observed with frequencies expected, to determine whether the hypotheses observed between these distributions due to the mere factors of chance or no powers real behind this difference.

\[ \text{Chi-Square} = \text{Sub Total} - \frac{\text{Expected frequency}}{\text{Sub Total}} \]

5- Results and testing hypotheses

The first hypothesis:

“There are no differences that have statistic significant between the answers of the study categories of having any concrete effect of required implementing the FATCA law on the revenues of the financial institutions in Egypt.”

First Question:
Foreign Account Tax Compliance Act aims mainly to inquire about the American citizens accounts in the foreign banks and financial institutions. The matter that could lead the clients, of American Nationality, to be reluctant from the Egyptian banks or to cancel their transactions fearing of giving any statements related to their accounts in respect of their financial assets and its returns to the American treasury and therefore, the decrease of the revenues of these banks as a result of the withdraw of these clients from these banks. The answers of the study groups shown in table (2-A)

Table no. (2- A)
The extent of the difference between the groups of the study on the impact of banks' commitment to the application of the law (FATCA) 
On the banks revenues

<table>
<thead>
<tr>
<th>Auditors</th>
<th>Managers in Tax Authorities</th>
<th>Officials of the Central Bank</th>
<th>Bank Managers</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>Q</td>
<td>%</td>
<td>Q</td>
</tr>
<tr>
<td>92,3</td>
<td>12</td>
<td>86,7</td>
<td>13</td>
</tr>
<tr>
<td>7,7</td>
<td>1</td>
<td>13,3</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>Q</td>
<td>%</td>
</tr>
<tr>
<td>87,5</td>
<td>7</td>
<td>83,3</td>
<td>10</td>
</tr>
<tr>
<td>12,5</td>
<td>1</td>
<td>16,7</td>
<td>2</td>
</tr>
</tbody>
</table>

Chi-Square accounted= 0.419  
Df = 3  
level of significance= 0.938 (not function)

As: Q= frequency

Second question:  
Addresses the required modifications from your point of view, which inhibit the effect on the Bank's revenues and the answers of the study groups is shown in table (2 - b).

Table No. (2-b)  
The relative importance of the amendments that prevent the impact on Bank's Revenues 
Distributed according to categories of the study

<table>
<thead>
<tr>
<th>Accountants</th>
<th>Managers in Tax Authorities</th>
<th>Officials of the Central Bank</th>
<th>Bank Managers</th>
</tr>
</thead>
<tbody>
<tr>
<td>R V% M</td>
<td>R V% M</td>
<td>R V% M</td>
<td>R V% M</td>
</tr>
<tr>
<td>1 35.0 4.71</td>
<td>4 47.0 4.19</td>
<td>1 33.0 4.66</td>
<td>1 34.0 4.75</td>
</tr>
<tr>
<td>5 49.0 3.99</td>
<td>4 34.0 4.81</td>
<td>4 42.0 4.12</td>
<td>4 41.0 4.03</td>
</tr>
<tr>
<td>2 36.0 4.63</td>
<td>2 44.0 4.76</td>
<td>2 35.0 4.42</td>
<td>2 36.0 4.69</td>
</tr>
<tr>
<td>4 42.0 4.32</td>
<td>5 50.0 3.98</td>
<td>6 49.0 3.87</td>
<td>6 51.0 3.55</td>
</tr>
<tr>
<td>6 51.0 3.75</td>
<td>6 0.52 3.85</td>
<td>5 44.0 3.95</td>
<td>5 48.0 3.85</td>
</tr>
</tbody>
</table>

Reasons

Procedural amendments
Amendments in information systems
Legislative amendments
Administrative changes
marketing
As \( M \) = mean
\( V \) = Coefficient of variation
\( R \) = Ranking (Rank)

**Third question:**
Addresses the reasons that support the need to adhere to the requirements of (FATCA) and its application does not affect the decrease in the revenue of banks. The study groups' answers are shown in the following Table (2 - C).

### Table No. (2 - C)
The relative importance of the reasons which refers to the absence of a decrease in the revenue when the bank commitment to apply (FATCA)
Distributed according to categories of the study

<table>
<thead>
<tr>
<th>Reason</th>
<th>Accountants</th>
<th>Managers in Tax Authorities</th>
<th>Officials of the Central Bank</th>
<th>Bank Managers</th>
<th>Reasons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased confidence on the part of the U.S. administration in the management of banking operations and then listing Egyptian banks in the list of the reputable banks.</td>
<td>2 37.0 4.43</td>
<td>1 31.0 4.77</td>
<td>1 36.0 4.12</td>
<td>1 35.0 4.65</td>
<td>Increased confidence on the part of the U.S. administration in the management of banking operations and then listing Egyptian banks in the list of the reputable banks.</td>
</tr>
<tr>
<td>To reach by the bank’s policies to the highest levels of transparency and high degrees in the International classification by applying the global policies and commitment to the application of international Treaty.</td>
<td>3 39.0 4.31</td>
<td>3 39.0 4.59</td>
<td>3 43.0 3.72</td>
<td>5 48.0 3.76</td>
<td>To reach by the bank’s policies to the highest levels of transparency and high degrees in the International classification by applying the global policies and commitment to the application of international Treaty.</td>
</tr>
<tr>
<td>Listing Egyptian banks in the lists of the global banks and thereby the demand for its banking services increase.</td>
<td>1 32.0 4.58</td>
<td>2 33.0 4.61</td>
<td>2 38.0 3.94</td>
<td>2 38.0 4.34</td>
<td>Listing Egyptian banks in the lists of the global banks and thereby the demand for its banking services increase.</td>
</tr>
</tbody>
</table>
The results of the previous tables that there are no differences between the study groups where answers emphasized the value of the test that Chi-Square (is calculated as $= 0.419$), which means the lack of statistical significance, as it did not reach this value to the extent that makes them a function at a level of at least 0.05 and that when Degrees of freedom $= 3$, has been confirmed by the results in Table (2 - a) tendency toward the four categories of the study approval, where the answers ranged between: $(92.3\% - 83.3\%)$ indicating that the application of the law of leaning back will lead to lower revenues Egyptian banks, see Table (2 - a).

Despite the lack of differences between the groups of the study about the existence of the effect when applying the law on the bank's revenues to fall, but that there is considerable variation in terms of the degree of the relative importance of the amendments proposed to be applied at the time of commitment to implement the requirements of the law for its positive impact on the bank's revenues. And reduce the potential loss as a result of the cancellation of some Americans to their dealings with those banks that will report their financial assets and its returns to the U.S. Treasury. The results of the operation to the agreement of most of the respondents that minor procedural and legislative amendments comes at the forefront of the amendments to be implemented when committing to apply to this law, while the amendments in information systems and modifications marketing comes at the end of the priorities of the amendments, while all agreed that any amendments required lead to the high operating costs of the bank, see Table (2 - b).

As well as Table (2 - c) has large variation in terms of the degree of the relative importance which refers to the lack of decline in revenue banks when its commitment to implement the requirements of the law, as most of the sample agree that the main reason for this, is due to the increased confidence on the part of the U.S. administration in management of banking operations and then insert Egyptian banks in the list of reputable banks. However, the sample mostly agreed on other reasons came at last in order in the lack of decrease the revenue of banks at the time of commitment to implement the requirements of the law, such as: (Increase U.S. investment in the financial and banking sector in Egypt as a result of the good reputation of Egyptian banks for the U.S. administration as well as increased attention from professional associations to qualify the banking cadres in Egypt and then increase their competence and professionalism)...
The second hypothesis:
“There are no differences that have statistic significant between the answers of the study categories of having any effect of required implementing the FATCA law on the revenues of Egyptian Tax Authority” (Income Tax)

Forth question:
Law aims mainly to review the accounts of American banks and foreign financial institutions, in addition to the commitment on the part of taxpayers before the IRS to disclose all their earnings and their assets in the foreign accounts and then the law is one of the tools of anti-tax evasion.

Do you think that the Egyptian Tax Authority revenue (income tax) is affected to the decline as a result of the commitment of the banking institutions in Egypt to apply this law as indirect affect? The answers of the study groups shown in table (3-A)

Table No. (3- A)
The extent of the difference between the groups of the study on the impact of the commitment to apply the law

<table>
<thead>
<tr>
<th>Returns of the Tax on Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auditors</td>
</tr>
<tr>
<td>%</td>
</tr>
<tr>
<td>73.4</td>
</tr>
<tr>
<td>26.6</td>
</tr>
</tbody>
</table>

Chi-Square accounted= 0.418
Df = 3
level of significance= 0.879 (not function)

As: Q= frequency

Fifth question:
Causes that lead to lower the tax revenues (income tax). The answers of the study groups shown in table (3-b)

Table no. (3-b)
The relative importance that lead to lower the tax revenue (income tax). Distributed according to the categories of the study

<table>
<thead>
<tr>
<th>Auditors</th>
<th>Managers in Tax Authorities</th>
<th>Officials of the Central Bank</th>
<th>Bank Managers</th>
<th>Reasons</th>
</tr>
</thead>
<tbody>
<tr>
<td>R V% M</td>
<td>R V% M</td>
<td>R V% M</td>
<td>R V% M</td>
<td>The result of the decrease of the bank revenues and then the decrease of the income</td>
</tr>
<tr>
<td>2 47.0 3.95</td>
<td>1 35.0 4.32</td>
<td>2 47.0 3.86</td>
<td>2 40.0 3.85</td>
<td></td>
</tr>
</tbody>
</table>
Sixth question:
Reasons that may lead to the lack of not decline in the tax revenue (income tax) at the time of applying FACTA. The answers of the study groups shown in table (3-c)

<table>
<thead>
<tr>
<th>Reason</th>
<th>Auditors</th>
<th>Managers in Tax Authorities</th>
<th>Officials of the Central Bank</th>
<th>Bank Managers</th>
<th>Reasons</th>
</tr>
</thead>
<tbody>
<tr>
<td>The end of some U.S. investment in Egypt, for the desire to go to</td>
<td>3</td>
<td>51.0 3.75</td>
<td>3 44.0 4.00</td>
<td>3 0.32 3.79</td>
<td>The small number of American clients in the Egyptian banks</td>
</tr>
<tr>
<td>countries that reject the application of the requirements of this law</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>and thus lower tax revenues as a result of the escape of these</td>
<td>1</td>
<td>41.0 4.17</td>
<td>2 39.0 4.09</td>
<td>1 48.0 4.21</td>
<td>Most financial assets of U.S. investments in branches of banks outside</td>
</tr>
<tr>
<td>investments outside Egypt and then failure to collect income tax on</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>their profits.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Banks’ commitment not to make transactions for its clients from Try U</td>
<td>2</td>
<td>37.0 4.63</td>
<td>4 53.0 3.77</td>
<td>4 53.0 3.92</td>
<td></td>
</tr>
<tr>
<td>S. citizenship to the U.S. Treasury under the law of secrecy, which</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>will decide with the U.S. government to apply the punishment to deduct</td>
<td>1</td>
<td>0.32 4.74</td>
<td>1 38.0 4.59</td>
<td>1 37.0 4.48</td>
<td></td>
</tr>
<tr>
<td>30% of their dealings and thus lower profits and then lower the tax</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>on income.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table No. (3-c)
The relative importance that lead to the lack of not decline in the tax revenue. (Income Tax) distributed according to the categories of the study
The results of the previous tables that there are no differences between the study groups where answers emphasized the value of the test that Chi-Square (is calculated as = 0.418), which means the lack of statistical significance, as it did not reach this value to the extent that makes them a function at a level of at least 0.05 and that when Degrees of freedom = 3, has been confirmed by the results in Table (3 - a) tendency toward the four categories of the study approval, where the answers ranged between:: (77- 73,4), look at table no. (3-a)

Despite the lack of differences between the groups of study about the existence of an impact on the revenues of the tax administration to decline (income tax) when applying the law, but there is a disparity in terms of the degree of the relative importance of the reasons that supports the commitment of the Egyptian government the need to apply the requirements to comply with this law, taking into account not to affect the banking revenue by decline and then the indirect impact of lower revenue in the department of tax (income tax) to those banks, so it has come on the top list and unanimously for the entire study groups for this reason: Most financial assets of U.S. investments in branches of banks outside of Egypt and not in the Egyptian banks and then there is no impact on the revenues of Egyptian bank. But this reason: (The U.S. investor is always seeking for the banking institutions with high profitability and lowest risk, far from the Arab region in order to avoid political risk in the Middle East), came in the last reasons that call the Egyptian...
banks to apply the requirements of the law and not to fear of the law enforcement. Look at table no. (3-c)

While table (3 - b) shows the convergence of views between the categories of the study about the reasons that could lead to lower revenues to tax administration (income tax) when applying the requirements to comply with the law, so most of the study categories has agreed that the (banks' commitment not to disclose the dealings of the U.S. citizen to the U.S. Treasury according to the law of secrecy, which will lead the U.S. government to apply the punishment to deduct 30% of their dealings with it and thus lower profits and then lower the tax on income) will be an influential factor on the decline of the profit of banks and then the outcome of income tax to the tax-department in Egypt, however, that the study sample agreed, unanimously, that the (escape of some investments the U.S. from Egypt, heading to the states that reject the application of the requirements of this law, and thus will lead to the decline of taxes as a result of the escape of these investments outside Egypt and then failure to collect income tax on their profits) comes in the last reasons that will lead to lower total income tax due to lower profit banks.

Results:

The first hypothesis:
SPSS results confirmed the validity of this hypnosis: and FACTA application will lead to the decline in the banks' revenues and then a decline in its profits The results of the operation's data show: All the members of the sample agree that the costs incurred by the bank as a result of the amendments proposed by the researcher to comply with the requirements of the law, will lead to higher operating costs at the bank, and then a decline in the revenue in the short term, but it is back to the rise, as a result of the confidence of the U.S. government in Egyptian banks and then directing the U.S. investment and even global to deal with Egyptian banks.

The second hypothesis:
SPSS results confirmed the rejection of this hypnosis: and applying the law will lead to a decline of the Egyptian tax Authority (income tax) It was evident from the results of operation of the data that there is no fear on the revenue of the Egyptian Tax- Department (income tax) because most of financial assets of the U.S. investments in branches of banks outside of Egypt and not in the Egyptian banks and then there is no impact on the revenues of Egyptian banks and therefore, there is no impact on the profits of those banks.

Recommendations:

1- The necessity to agree on reciprocity in relation of applying FACTA requirements.
2- Making the amendments proposed by the researcher at the time of applying FACTA, which include procedural, legislative and marketing amendments.
Reference is arranged according the content and the pages of the research:

1. Hiring Incentives to Restore Employment Act provided incentives to combat unemployment
2. Internal Revenue Service’s: IRS U.S.
11. Foreign Financial Institution, such as: Banks, Stock exchange, insurance companies, brokerage houses, Companies Financial Brokers, Mutual Funds, money funds ... and etc.
14. Specialized workshop organized by the International Union of Arab Bankers and the Union of Arab Banks on October 3, 2012 in Sharm El- Sheikh, on the operational procedures for the application of FACTA.
18. Act 88 of 2003 the law of the Central Bank and the banking system and cash
21- For more details, see:
   - IRS-2012-15: Treasury, "IRS Issue Proposed Regulations for FATCA Implementation", Treasury Department Documents and Publications. (Feb 8, 2012)
22- Moore, Bela, "FATCA may cause legal strife for super funds". Money Management: (03 Oct 2012).
23- For more details, see:
Part I Other Foreign Assets (see instructions)

Note. If you reported specified foreign financial assets on Forms 3520, 3520-A, 5471, 8621, or 8865, you do not have to include the assets on Form 8938. You must complete Part IV. See instructions.

If you have more than one asset to report, attach a continuation sheet with the same information for each additional asset (see instructions).

1 Description of asset
   2 Identifying number or other designation

3 Complete all that apply
   a Date asset acquired during tax year, if applicable
   b Date asset disposed of during tax year, if applicable
   c [ ] Check if asset jointly owned with spouse
   d [ ] Check if no tax item reported in Part III with respect to this asset

4 Maximum value of asset during tax year (check box that applies)
   a [ ] $0 - $50,000
   b [ ] $50,001 - $100,000
   c [ ] $100,001 - $150,000
   d [ ] $150,001 - $200,000
   e [ ] If more than $200,000, list value

5 Did you use a foreign currency exchange rate to convert the value of the asset into U.S. dollars?
   a [ ] Yes
   b [ ] No

For Paperwork Reduction Act Notice, see the separate instructions.
Cat. No. 37753A Form 8938 (11-2011)
If asset reported in Part II, line 1, is not stock of a foreign entity or an interest in a foreign entity, enter the following information for the asset.

Note. If this asset has more than one issuer or counterparty, attach a continuation sheet with the same information for each additional issuer or counterparty (see instructions).

8   a  Name of issuer or counterparty
    Check if information is for □ issuer  □ Counterparty

b  Type of issuer or counterparty
   (1) □ individual  (2) □ Partnership  (3) □ Corporation  (4) □ Trust  (5) □ Estate

c  Check if issuer or counterparty is □ U.S. person  □ Foreign person

d  Mailing address of issuer or counterparty. Number, street, and room or suite no.

e  City or town, province or state, and country (including postal code)

### Part III Summary of Tax Items Attributable to Specified Foreign Financial Assets (see instructions)

<table>
<thead>
<tr>
<th>Asset Category</th>
<th>Tax Item</th>
<th>Amount reported on form or schedule</th>
<th>Where reported</th>
<th>Form and line</th>
<th>Schedule and line</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Foreign Deposit and Custodial Accounts</td>
<td>a Interest</td>
<td>$</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>b Dividends</td>
<td>$</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>c Royalties</td>
<td>$</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>d Other income</td>
<td>$</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>e Gains (losses)</td>
<td>$</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>f Deductions</td>
<td>$</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>g Credits</td>
<td>$</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>II. Other Foreign Assets</td>
<td>a Interest</td>
<td>$</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>b Dividends</td>
<td>$</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Part IV Excepted Specified Foreign Financial Assets (see instructions)

If you reported specified foreign financial assets on the following forms, check the appropriate box(es), Indicate number of forms filed. You do not need to include these assets on Form 8938 for the tax year.

- □ 3520 Number of forms
- □ 3520-A Number of forms
- □ 5471 Number of forms
- □ 8621 Number of forms
- □ 8865 Number of forms

Form 8938 (11-2011)