



Entity Classification Guide AIB (NI)

Self-Certification is required under Financial Account Tax Compliance Act (FATCA) and the Common Reporting Standard (CRS). While the questions and definitions are similar, there are differences which impact some entities that need to be carefully considered. As a consequence, definitions under both require careful attention and self-certification under FATCA and CRS need to be completed independently.

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FATCA

Financial institutions in UK are required, under legislation which incorporates FATCA into UK law, to seek answers to certain questions for purposes of identifying those accounts which are reportable to HMRC for onward transmission to the US Internal Revenue Service in connection with the FATCA.

Customers of Financial Institutions such as AIB (NI) must provide the answers to specific FATCA questions. If customers do not provide all of the information requested, we will not be able to open the account. Please note we may be obliged to include the account(s) details in the annual FATCA return to HMRC.

Customers MUST advise AIB (NI) when their tax jurisdiction information changes.

Please note that AIB (NI) is unable to offer taxation advice. For tax related questions please contact your professional tax advisor or HMRC.

Selecting your FATCA Entity Classification

Under FATCA Regulations you are required to identify the Entity Type applicable to your organisation. The following questions may assist you with this process:

1 Is your organisation a US Person? (A US Person includes organisations)

(See **FATCA Section A** for specific definitions)

This type of organisation is typically a Corporation or Trust organised in the US or any State thereof.

- **If Yes:** Please indicate on the application form whether you are a Specified US Person or an Other US Person, as defined in **FATCA Section A**.
- **If No:** Please Refer to Question 2.
- **If Don't Know:** Please review the definitions in **FATCA Section A**. You may also need to refer to your tax advisor.

2 Is your organisation a Financial Institution or a Deemed Compliant Financial Institution?

(See **FATCA Section B** for specific definitions)

A Deemed Compliant Financial Institution includes certain charities and bodies established for the promotion of athletic or amateur games or sports.

- **If Yes:** Please indicate the relevant entity type (as defined in **FATCA Section B**) on the application form.
- **If No:** Please Refer to Question 3.
- **If Don't Know:** Please review the definitions in **FATCA Section B**. You may also need to refer to your tax advisor.

3 Is your organisation an Exempt Beneficial Owner?

(See **FATCA Section A** for specific definitions)

An Exempt Beneficial Owner includes a Government, International Organisation, Central Bank or certain Retirement/Employee funds.

- **If Yes:** Please tick the corresponding field on the application form.
- **If No:** Please Refer to Question 4.
- **If Don't Know:** Please review the definitions in **FATCA Section C**. You may also need to refer to your tax advisor.

4 Is your organisation an Active Non-Financial Foreign (non-US) Entity (NFFE)?

(See **FATCA Section C** for specific definitions)

If your organisation is not 1. A US Person, 2. A Financial Institution or Deemed Compliant Financial Institution or 3. An Exempt Beneficial Owner, you will be regarded as a Non-Financial Foreign (non US) Entity (NFFE).

There are two types of NFFE – Active and Passive. It is expected the majority of organisations will fall into the Active NFFE category.

The definition of “Active NFFE” is set out in **FATCA Section D**. The most common way an NFFE will fall into the Active NFFE category is if less than 50 per cent of its gross income for the preceding year is from passive sources AND less than 50 per cent of its assets are held for the production of passive income. Passive income, would generally be accepted to include investment income, which may include dividends, interest, annuities and rent.

Please refer to **FATCA Section D** to determine if your entity meets any of the remaining Active NFFE tests.

- **If Yes:** Please tick the corresponding field on the application form.
- **If No:** Please Refer to Question 5.
- **If Don't Know:** Please review the definitions in **FATCA Section D**. You may also need to refer to your tax advisor.

5 Is your organisation a Passive Non-Financial Foreign (non-US) Entity (NFFE)?

(See **FATCA Section D** for specific definitions)

If your organisation is an NFFE and does not meet any of the Active NFFE tests then it will be regarded as a Passive NFFE.

- If you are a Passive NFFE please tick the corresponding field in the application form.

In this instance, the Bank is required to identify any Beneficial Owners/Controlling Persons (e.g. those that hold more than 25 per cent stake in organisation) and self-certify the Beneficial Owners/Controlling Persons under FATCA.

Detailed Entity Descriptions

FATCA Section A: US Person

A US Person means a US citizen or US resident individual, a partnership or corporation organised in the United States or under the laws of the United States or any State thereof, a trust if (i) a court within the United States would have authority under applicable law to render orders or judgements concerning substantially all issues concerning administration of the trust, and (ii) one or more US persons have the authority to control all substantial decisions of the trust, or an estate of decedent that is a citizen or resident of the United States. This shall be interpreted in accordance with the US Internal Revenue Code.

Specified US Person

The term specified US Person means a US person other than:

- a corporation, the stock of which is regularly traded on one or more established securities markets;
- any corporation that is a member of the same expanded affiliated group, as defined in Section 1471(e)(2) of the US Internal Revenue Code, as a corporation described in clause (i);

- the United States or any wholly owned agency or instrumentality thereof;
- any State of the United States, 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 organization exempt from taxation under section 501(a) or an individual retirement plan as defined in section 7701(a)(37) of the US Internal Revenue Code;
- any bank as defined in section 581 of the US Internal Revenue Code;
- any real estate investment trust as defined in section 856 of the US Internal Revenue Code;
- any regulated investment company as defined in section 851 of the US Internal Revenue Code or any entity registered with the Securities Exchange Commission under the Investment Company Act of 1940 (15 USC. 80a-64);

- any common trust fund as defined in section 584(a) of the US Internal Revenue Code;
- any trust that is exempt from tax under section 664(c) of the US Internal Revenue Code or that is described in section 4947(a)(1) of the US Internal Revenue Code;
- a dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any State; or
- a broker as defined in section 6045(c) of the US Internal Revenue Code.

Other US Person

The term Other US Person should be taken to mean a US Person who meets the criteria set out in points (i) to (xii) above.

FATCA Section B: Financial Institutions

The term “Financial Institution” means a Custodial Institution, a Depository Institution, an Investment Entity or a Specified Insurance Company.

Partner Jurisdiction Financial Institution

The term “Partner Jurisdiction Financial Institution” means (i) any Financial Institution resident in a Partner Jurisdiction (including Ireland and the UK), but excluding any branches of such Financial Institution that are located outside the Partner Jurisdiction, and (ii) any branch of a Financial Institution not resident in the Partner Jurisdiction, if such branch is located in the Partner Jurisdiction.

Partner Jurisdiction

The term “Partner Jurisdiction” means a jurisdiction that has in effect an agreement with the United States to facilitate the implementation of FATCA.

Participating Foreign Financial Institution

A Participating Foreign Financial Institution is a Financial Institution which has entered into an FFI agreement with the Internal Revenue Service (IRS) under section 1471(b) of the Internal Revenue Code and § 1.1471-4 of the Treasury Regulations 1 (the FFI agreement) to be treated as a participating FFI.

Non-participating Financial Institution

The term “Non-participating Financial Institution” means a non-participating FFI, as that term is defined in relevant US Treasury Regulations, but does not include an Irish Financial Institution or other Partner Jurisdiction Financial Institution other than a Financial Institution identified as a Non-participating Financial Institution pursuant to paragraph 2 of Article 5 of the Irish – US Inter Governmental Agreement.

Deemed Compliant Financial Institution

An entity will be deemed compliant if it is listed in Part II of Annex II to the UK – US Inter-Governmental Agreement (IGA) or is within the definition of a Deemed Compliant FFI set out in the US Regulations. There are two categories of deemed compliant institutions – self-certified or registered.

Self-Certified Deemed Compliant Institutions

Self-Certified Deemed Compliant FFIs listed under Part II of Annex II to the UK-US IGA include the following entity types:

A. Non-profit Organisations

- Any entity registered as a charity with the Charity Commission of England, and Wales
- Any entity registered with HMRC for charitable tax purposes
- Any entity registered as a charity with the Office of the Scottish Charity Regulator
- Any Community Amateur Sports Club if registered as such with HMRC.

B. Financial Institutions with a Local Client Base

Any Financial Institution, including any of the entities listed in subparagraph B.1 of Part II of Annex II that meets the requirements of subparagraph B.2 of Part II of Annex II of the UK-US IGA.

The following entities are those that are treated as Self-Certified Deemed-Compliant FFIs for the purpose of Section 1471 of the U.S. Internal Revenue Code:

- Non-registering local banks,
- Financial Institutions with only low value accounts,

- Sponsored closely held investment vehicles,
- Limited Life debt investment entities,
- Owner documented Financial Institutions,
- Certain Investment Advisors and
- Investment Managers who do not maintain Financial Accounts.

Registered Deemed Compliant Financial Institutions

The Financial Institutions falling within this category are not included as Deemed Compliant FFIs under the UK-US IGA. However the institutions are regarded as Registered Deemed Compliant FFIs under the US Regulations. As such paragraph 1(q) of Article 1 of the Agreement enables UK FIs that comply with the various conditions to qualify for the exemption. Institutions falling within this category are:

- Non-reporting members of a group of related Participating Financial Institutions,
- Restricted funds,
- Qualified credit card issuers,
- Sponsored investment entities, and
- Controlled foreign corporations.

FATCA Section C: Exempt Beneficial Owner

The term “**Exempt Beneficial Owner**” means:

- i. a Governmental Entity;
- ii. an International Organisation (examples of which include The International Monetary Fund, The World Bank, The International Bank for Reconstruction and Development

and The European Community – for a full list please see the relevant guidance issued by Irish Revenue, or the IRS);

- iii. a Central Bank;
- iv. a Pension trust or other organisations, as referred to in Article 4(1) (c) of the 1997 Double Taxation

- Treaty between the UK and the United States of America, established in the UK and maintained exclusively to administer or provide retirement or employee benefits; or
- v. any other entity defined as an Exempt Beneficial Owner in US Treasury Regulations.

Non-Financial Foreign Entity (NFFE): Entities which are non-US Entities, and are not Financial Institutions will be regarded as being an NFFE. Each NFFE must be classified as either an Active NFFE or a Passive NFFE.

An Active NFFE

An NFFE will be regarded as an Active NFFE if it meets any one of the following:

- a. Less than 50 per cent of the NFFE's gross income for the preceding calendar year or other appropriate reporting period is passive income and less than 50 per cent 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 traded on an established securities market;
- c. The NFFE is organised in a US Territory and all of the owners of the payee are bona fide residents of that US Territory;
- d. The NFFE is a non-US government, a government of a US Territory, an international organization, a non-US 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, and 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 organisation 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 reorganising 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 meets all of the following requirements:
 - i. It is established and maintained in its country of residence exclusively for religious, charitable, scientific, artistic, cultural, or educational purposes;
 - ii. It is exempt from income tax in its country 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 Entity's country of residence or the Entity's formation documents do not permit any income or assets of the Entity 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 Entity's charitable activities, or as payment of reasonable compensation for services rendered, or as payment representing the fair market value of property which the Entity has purchased; and
 - v. The applicable laws of the Entity's country of residence or the Entity's formation documents require that, upon the Entity'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 Entity's country of residence or any political subdivision thereof.
- j. Any NFFE within the definition of an Excepted NFFE in US Treasury Regulations.

A Passive NFFE

A Passive NFFE is any NFFE that is not: (i) an Active NFFE or (ii) a Withholding Foreign Partnership, Withholding Foreign Trust, or a Qualified Intermediary pursuant to relevant US Treasury Regulations.

Controlling Persons

The term "**Controlling Persons**" means, for a Legal Entity, the **natural person(s)** (i.e. individual) who ultimately **own** or **control** the Legal Entity. A Legal Entity can include companies, partnerships,

trusts, unincorporated bodies (club, association, society), bodies corporate, foundations and other entities that have a legal personality. Control over a Legal Entity may be exercised through a direct shareholding or indirectly through intermediate holding companies or may rest with those who have power to manage funds or transactions. A Controlling Person (Beneficial Owner) is generally defined as the natural person who owns or controls 25% or more of the shares / voting rights / property or otherwise exercises control of the Legal Entity, for example the individual who holds the position of senior managing official.

For the following types of organisations, the term "Controlling Persons" means those individuals who fulfil the criteria set out below

Company

In the case of a company, the term "Controlling Persons" means any individuals who ultimately own or control 25% or more of the shares or voting rights in the company or otherwise exercise control over the management of the company.

Incorporated Society

In the case of an incorporated society, the term "Controlling Persons" means any individual who ultimately own or control 25% or more of the shares or voting rights in the incorporated society or otherwise exercise control over the management of the incorporated society.

Partnership

In the case of a partnership, the term "Controlling Persons" means any individual who ultimately own or control a 25% or more share of the capital, or profits or voting rights in the partnership, or who otherwise exercise control over the management of the partnership.

Trust

In the case of a Trust, the term "Controlling Persons" means any of the following:

- any individual who is entitled to or will in the future be entitled to a 25% or greater interest in the trust property;
- the class of individuals in whose interest the trust is set up;
- any individual who has control over the trust (this could include the Settlor) e.g. power to lend/invest trust property; vary the trust; add or remove a beneficiary/trustee.

Unincorporated Body (club, association, society)

In the case of an unincorporated body, the term "Controlling Persons" means any individual who benefits from or who exercises control over at least 25% or more of the property of the Unincorporated Entity.

Financial institutions in UK are required, under legislation which incorporates the Common Reporting Standard (CRS) into UK law, to seek answers to certain questions for purposes of identifying those accounts which are reportable to HMRC for onward transmission to Jurisdictions that have signed up for the CRS.

Customers of Financial Institutions such as AIB (NI) must provide the answers to specific CRS questions. If Customers do not provide all of the information requested, we will not be able to open the account. Please note we may be obliged to include the account(s) details in the annual FATCA return and CRS return to HMRC.

Customers **MUST** advise AIB (NI) when their tax jurisdiction information changes.

Please note that AIB (NI) is unable to offer taxation advice. For tax related questions please contact your professional tax advisor or HMRC.

Selecting your CRS Entity Classification

Under CRS Regulations you are required to identify the Entity Type applicable to your organisation. The following questions may assist you with this process:

1	Is your organisation a Financial Institution?
(See CRS Section A for specific definitions)	
<ul style="list-style-type: none"> • If Financial Institution please tick the field opposite 1(a) on the application form. • If Depository Institution please tick the field opposite 1(a) on the application form. • If Custodial Institution please tick the field opposite 1(a) on the application form. • If Specified Insurance Company please tick the field opposite 1(a) on the application form. • If Investment Entity other than that described in 1(b) please tick the field opposite 1(a) on the application form. • If Investment Entity 1(b) please tick the field opposite 1(b) on the application form. Note - Controlling Person(s) will need to be self-certified (See CRS Section D for specific definitions). • If No, Please refer to Question 2 below. • If Don't Know: Please review the definitions in CRS Sections A, B and C. You may also need to refer to your tax advisor. 	
2	Is your organisation one of the organisations listed below?
(See CRS Section B for specific definitions)	
<ul style="list-style-type: none"> • If Yes, please tick the corresponding field on the application form. • If No, Please go to Question 3 below. • If Don't Know: Please review the definitions in CRS Section B and C. You may also need to refer to your tax advisor. <ul style="list-style-type: none"> a. Governmental Entity b. International organisation c. Central Bank d. Corporation, the stock of which is regularly traded on an established securities market or a corporation that is the Related Entity of such a corporation 	
3	Is your organisation an Active non-Financial Entity?
(See CRS Section C for specific definitions)	
If your organisation is not a Financial Institution or is not classified under 2 above, then it is a non-Financial Entity. There are two types – Active and Passive. (See CRS Section C for specific definitions)	
<ul style="list-style-type: none"> • If Active NFE please tick the field opposite 3(a) on the application form. • If No, Please go to Question 4 below. • If Don't Know: Please review the definitions in CRS Section C. You may also need to refer to your tax advisor. 	
4	Is your organisation a Passive non-Financial Entity?
(See CRS Section C for specific definitions)	
If your organisation is a NFE and does not meet any of the Active NFE tests then it will be regarded as a Passive NFE. If Passive please tick the corresponding field opposite 3(b) on the application form. In this instance the Bank is required to identify any Controlling Person(s) (e.g. those that hold a 25 per cent or more stake in the organisation) and Self-Certify the Controlling Person(s) under CRS (See CRS Section D for specific definitions).	

Detailed Entity Descriptions

CRS Section A: Financial Institution

The term **Financial Institution** means a Depository Institution, a Custodial Institution, an Investment Entity, or a Specified Insurance Company.

The term **Depository Institution** means any Entity that accepts deposits in the ordinary course of a banking or similar business.

The term **Custodial Institution** means any Entity that holds, as a substantial portion of its business, Financial Assets for the account of others. An Entity holds Financial Assets for the account of others as a substantial portion of its business if the Entity's gross income attributable to the holding of Financial Assets and related financial services equals or exceeds 20% of the Entity's gross income during the shorter of:

- Its last three accounting periods; or
- the period during which the Entity has been in existence.

The term **Specified Insurance Company** means any Entity that is an insurance company (or the holding company of an insurance company) that issues, or

is obligated to make payments with respect to, a Cash Value Insurance Contract or an Annuity Contract.

The term **Investment Entity** as listed in 1(a) means any Entity that primarily conducts as a business one or more of the following activities or operations for or on behalf of a customer:

- trading in money market instruments (cheques, bills, certificates of deposit, derivatives, etc.); foreign exchange; exchange, interest rate and index instruments; transferable securities; or commodity futures trading;
 - individual and collective portfolio management; or
 - otherwise investing, administering, or managing Financial Assets or money on behalf of other persons;
- or

An entity will be an investment entity if it is investing on its own account, is managed by a financial institution AND meets the Financial Assets test as described below.

An entity meets the Financial Assets test if its gross income is primarily attributable to investing, reinvesting or trading in Financial Assets. This test requires that at least 50% of the entity's income is attributable to investing, reinvesting or trading in Financial Assets in the shorter of:

- The three year period ending on 31 December in the year preceding that in which its status as an investment entity is to be determined; or
- The period in which the entity has been in existence.

The term **Investment Entity** as listed in 1(b) means an Entity which

- Is not resident in a Participating Jurisdiction or does not have a branch located in a Participating Jurisdiction; and
- Its gross income is primarily attributable to investing, reinvesting, or trading in financial assets; and
- Is managed by a Financial Institution.

CRS Section B: Government / Entity

The term **Governmental Entity** means the government of a jurisdiction, any political subdivision of a jurisdiction (which, for the avoidance of doubt, includes a state, province, county, or municipality), or any wholly owned agency or instrumentality of a jurisdiction or of any one or more of the foregoing (each, a 'Governmental Entity'). This category is comprised of the integral parts, controlled entities, and political subdivisions of a jurisdiction.

- An 'integral part' of a jurisdiction means any person, organisation, agency, bureau, fund, instrumentality, or other body, however designated, that constitutes a governing authority of a jurisdiction. The net earnings of the governing authority must be credited to its own account or to other accounts of the jurisdiction, with no portion inuring to the benefit of any private person. An integral part does not include any individual who is a sovereign, official, or administrator acting in a private or personal capacity.
- A controlled entity means an Entity that is separate in form from the jurisdiction or that otherwise constitutes a separate juridical entity, provided that:
 - the Entity is wholly owned and controlled by one or more Governmental Entities directly or through one or more controlled entities;

- the Entity's net earnings are credited to its own account or to the accounts of one or more Governmental Entities, with no portion of its income inuring to the benefit of any private person; and
- the Entity's assets vest in one or more Governmental Entities upon dissolution.

- Income does not inure to the benefit of private persons if such persons are the intended beneficiaries of a governmental programme, and the programme activities are performed for the general public with respect to the common welfare or relate to the administration of some phase of government. Notwithstanding the foregoing, however, income is considered to inure to the benefit of private persons if the income is derived from the use of a governmental entity to conduct a commercial banking business, that provides financial services to private persons.

The term **International Organisation** means any international organisation or wholly owned agency or instrumentality thereof. This category includes any intergovernmental organisation (including a supranational organisation);

- that is comprised primarily of governments;
- that has in effect a headquarters or substantially similar agreement with the jurisdiction; and
- the income of which does not inure to the benefit of private persons.

The term **Central Bank** means an institution that is by law or government sanction the principal authority, other than the government of the jurisdiction itself, issuing instruments intended to circulate as currency. Such an institution may include an instrumentality that is separate from the government of the jurisdiction, whether or not owned in whole or in part by the jurisdiction.

The term **Corporation, the stock of which is regularly traded on an established securities market or a Corporation that is the Related Entity of such a Corporation** means an entity which is excluded from the definition of a "Reportable Person" which is either:

- A corporation the stock of which is regularly traded on one or more established securities markets; or
- Any corporation that is a Related Entity of a corporation, the stock of which is regularly traded on one or more established securities markets.

The term **Active NFE** means any of the following:

- Active NFEs by reason of income and assets:
 - For the preceding calendar year or other appropriate reporting period, less than 50% of its gross income is passive income (including dividends, interest, annuities and rent) AND less than 50% of its assets are held for the production of passive income. It is expected that the majority of organisations will fall into the Active NFE category.
- NFEs, other than corporations, the stock of which is regularly traded on an established securities market or a NFE which is the related entity of such a NFE:
 - The stock of the NFE is regularly traded on an established securities market or the NFE is a Related Entity of an Entity the stock of which is regularly traded on an established securities market.
- Certain Wholly Owned Entities:
 - An Entity wholly owned by one or more of the following: Governmental Entity, International Organisation, Central Bank.
- Holding NFEs that are members of a nonfinancial group:
 - Substantially all of the activities of the NFE 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 Entity does not qualify for this status if the Entity 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
- Start-up NFEs:
 - The NFE 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 NFE does not qualify for this exception after the date that is 24 months after the date of the initial organisation of the NFE.

- NFEs that are liquidating or emerging from bankruptcy:
 - The NFE was not a Financial Institution in the past five years, and is in the process of liquidating its assets or is reorganising with the intent to continue or recommence operations in a business other than that of a Financial Institution.
- Treasury centres that are members of a nonfinancial group:
 - The NFE 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.
- Non-profit NFEs:
 - The NFE meets all of the following requirements:

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 organisation, business league, chamber of commerce, labour organisation, agricultural or horticultural organisation, civic league or an organisation operated exclusively for the promotion of social welfare;

It is exempt from income tax in its jurisdiction of residence;

It has no shareholders or members who have a proprietary or beneficial interest in its income or assets;

The applicable laws of the NFE's jurisdiction of residence or the NFE's formation documents do not permit any income or assets of the NFE 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 NFE's charitable activities, or as payment of reasonable compensation for services rendered, or as payment representing the fair market value of property which the NFE has purchased; and

The applicable laws of the NFE's jurisdiction of residence or the NFE's formation documents require that, upon the NFE's liquidation or dissolution, all of its assets be distributed to a Governmental Entity or other non-profit organisation, or escheat to the government of the NFE's jurisdiction of residence or any political subdivision thereof.

The term Passive NFE means any NFE that is:

- Not an Active NFE; or
- Is an Investment Entity which is managed by a Financial Institution and is not a Participating Jurisdiction Financial Institution.

Other Descriptions

CRS Section D: Controlling Persons

The term “**Controlling Persons**” (**Beneficial Owner**) means, for a Legal Entity, the natural person(s) (i.e. individual) who ultimately own or control the Legal Entity. A Legal Entity can include companies, partnerships, trusts, unincorporated bodies (club, association, society), bodies corporate, foundations and other entities that have a legal personality. Control over a Legal Entity may be exercised through a direct shareholding or indirectly through intermediate holding companies or may rest with those who have power to manage funds or transactions. A Controlling Person (Beneficial Owner) is generally defined as the natural person who owns or controls 25% or more of the shares / voting rights / property or otherwise exercises control of the Legal Entity, for example the individual who holds the position of senior managing official.

Company

In the case of a company, the term “Controlling Persons” means any individuals who ultimately own or control 25% or more of the shares or voting rights in the company or otherwise exercise control over the management of the company.

Incorporated Society

In the case of an incorporated society, the term “Controlling Persons” means any individual who ultimately own or control 25% or more of the shares or voting rights in the incorporated society or otherwise exercise control over the management of the incorporated society.

Partnership

In the case of a partnership, the term “Controlling Persons” means any individual who ultimately own or control a 25% or more share of the capital, or profits or voting rights in the partnership, or who otherwise exercise control over the management of the partnership.

Trust

In the case of a Trust, the term “Controlling Persons” means any of the following:

- any individual who is entitled to or will in the future be entitled to a 25% or greater interest in the trust property;
- the class of individuals in whose interest the trust is set up;
- any individual who has control over the trust (this could include the Settlor) e.g. power to lend/invest trust property; vary the trust; add or remove a beneficiary/trustee.

Unincorporated Body (club, association, society)

In the case of an unincorporated body, the term “Controlling Persons” means any individual who benefits from or who exercises control over at least 25% or more of the property of the Unincorporated Entity.

The term **Participating Jurisdiction** means a jurisdiction

- any EU Member State;
- any other jurisdiction (i) with which the UK has a competent authority agreement in place with, and (ii) which is identified in a list published by HMRC and notified to the European Commission; and
- any other jurisdiction (i) with which the European Union has a competent authority agreement with, and (ii) which is identified in a list published by the European Commission.

The term **Competent Authority Agreement** means the agreement which allows for the automatic exchange of information between 2 jurisdictions under CRS.

The acronym **OECD** stands for Organisation for Economic Co-operation and Development.

The acronym **IMF** means the International Monetary Fund.

For further information on CRS please contact your tax advisor or log on to <http://www.oecd.org/tax/automatic-exchange/common-reporting-standard> <https://www.gov.uk/government/collections/automatic-exchange-of-information-agreements>

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