



CLIENT GUIDE

UNDERSTANDING SOVEREIGN BANK INTERNATIONAL'S FATCA AND CRS REPORTING OBLIGATIONS

SOVEREIGN BANK INTERNATIONAL

BELMONT GARDEN COMPLEX, BUILDING H
PINNEY'S ESTATE, ST. THOMAS PARISH, NEVIS

This outline is designed to provide a general understanding of tax reporting requirements as an international banking client of Sovereign Bank International in Saint Kitts and Nevis, West Indies. Understand our obligations under the **Foreign Account Tax Compliance Act (FATCA) and the Common Reporting Standard (CRS)**. We are fully compliant with both, ensuring transparency and legal adherence. These international standards help prevent tax evasion by automatically sharing financial account information with relevant tax authorities.

Important Note: This is general information only. Reporting does not change your personal tax obligations. Consult a qualified tax advisor for advice specific to your situation. All data is handled securely under Saint Kitts and Nevis data protection laws.

WHY DOES THIS MATTER TO YOU?

- **FATCA:** Applies if you are a **U.S. person** (e.g., U.S. citizen, resident, green card holder, or entity with substantial U.S. ownership). It requires us to report your account details to help the U.S. Internal Revenue Service (IRS) ensure you report worldwide income.
- **CRS:** Applies if you are a tax resident of a **CRS-participating country** (e.g., most countries except the U.S., which uses FATCA instead). We report to your home tax authority (e.g., HMRC in the UK) to verify your tax declarations.
- **Our Role:** As a Foreign Financial Institution (FFI), we identify reportable accounts and share information annually. This does not trigger taxes for you but supports your home country's tax enforcement.
- **Non-Reportable Accounts:** Low-value accounts (< US\$50,000 for individuals) or those without indicia (e.g., no U.S./foreign tax residency) may not be reported.



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WHAT INFORMATION DO WE COLLECT FROM YOU?

We collect data during account opening, updates, or annual reviews to determine if your account is reportable. This is based on self-certification (e.g., IRS Form W-9 for U.S. persons or CRS forms) and account records.

Category	Examples of Collected Data	Purpose
Personal Identification	Full name, date/place of birth, address, nationality/citizenship, tax residency country(ies)	Confirm U.S. person status (FATCA) or foreign tax residency (CRS).
Tax Identifiers	U.S. TIN (e.g., SSN/ITIN) or equivalent (e.g., UK UTR); reason code if unavailable (e.g., "not legally required")	Links data to your tax records; required unless exempt.
Account Details	Account number, year-end balance/value (in USD equivalent)	Tracks account size and activity.
Income/Transactions	Gross interest credited to your savings account during the year (e.g., from realized/actualized positions); other payments like dividends or sales proceeds	Reports creditable income only—deferred/unactualized interest (e.g., pending overnight market positions) is not collected/reported until credited.
Joint Accounts	Data for all holders (pro-rated if applicable)	Each holder's status determines reportability.

- **How We Collect It:** Via forms at onboarding, email/paper self-certifications, or portal uploads. We may request updates if "indicia" appear (e.g., U.S. address on statements).
- **Privacy:** Data is stored securely; we only share what's required and for no other purpose.



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WHAT INFORMATION DO WE REPORT?

We report **only** for reportable accounts, aggregated where possible (e.g., total interest across accounts). No details on your spending or non-creditable items.

Reporting Standard	What is Reported	When Not Reported
FATCA (U.S. Accounts)	- Name, address, U.S. TIN, account number - Year-end balance - Gross creditable income (e.g., interest credited/paid during the year; excludes deferred interest until actualized) - Custodial proceeds (e.g., from asset sales, if applicable)	- Balances < US\$50,000 (individuals) or US\$250,000 (entities) - No U.S. indicia or after cure (e.g., confirmed non-U.S. resident) - Exempt accounts (e.g., certain pensions)
CRS (Foreign Tax Residents)	- Name, address, TIN, tax residency jurisdiction - Account number, year-end balance - Gross income (e.g., interest credited; dividends; other payments) - Aggregate for multiple accounts per jurisdiction	- Low-value accounts (< US\$250,000 for preexisting individuals) - Your home jurisdiction (Saint Kitts and Nevis residents) - Exempt entities (e.g., charities)

- **Interest-Specific Example:**

- **Deferred Interest (e.g., tied to open overnight positions):** Not reported until credited to your account (may span tax years).
- **Credited Interest (e.g., positions closed and added to balance):** Reported as gross amount in the year credited (e.g., \$1,000 interest = \$1,000 reported).



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HOW AND WHEN DO WE REPORT?

- **Timeline:** Annual reporting based on **calendar year** (January 1–December 31). Data for 2024 is compiled in early 2025.
 - FATCA: Submitted by **August 29, 2025** (extensions possible).
 - CRS: Submitted by **June 30, 2025** (often extended to July/August).
- **How It's Reported:**
 - We compile your data into a secure XML file.
 - Submit electronically to the **Inland Revenue Department (IRD)** of Saint Kitts and Nevis (our local Competent Authority) via the AEOI Portal.
 - IRD forwards it to:
 - **IRS** (for FATCA, by September 30).
 - Your home tax authority (for CRS, during annual exchanges, typically by September).
- **Under Model 1B IGA (FATCA):** Indirect reporting via IRD (no direct to IRS); non-reciprocal (U.S. doesn't share back).
- **Confirmation:** We do not notify you of submission but provide statements showing credited interest for your records.

WHAT DO YOU RECEIVE FROM US?

- **No Automatic Tax Forms:** We do not issue U.S. Form 1099-INT (or equivalents) for foreign income—FATCA/CRS reporting suffices for authorities.
- **What We Provide:**
 - **Annual Account Statements:** Detail credited interest and balances (use for your tax return, e.g., U.S. Form 1040, Schedule B).
 - **Self-Certification Confirmations:** Proof of your declarations.
 - **Upon Request:** Copy of reported data (within 30 days, subject to verification).
 - **Notifications:** At onboarding or changes (e.g., "Your account may be reportable under FATCA/CRS").



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YOUR RESPONSIBILITIES AS A CLIENT

- **Provide Accurate Info:** Complete self-certifications honestly; update us on changes (e.g., new tax residency) within 30 days.
- **Report Your Income:**
 - U.S. persons: Declare worldwide interest on IRS forms; file FBAR (if accounts > \$10,000 aggregate) and Form 8938 (if assets > thresholds, e.g., \$50,000 for single U.S. residents).
 - CRS residents: Report to your home tax authority (e.g., include foreign interest on your return).
- **Consequences of Non-Compliance:** Inaccurate info may lead to account restrictions or IRD/IRS penalties (not imposed by us).
- **Track Deferred Interest:** Monitor when overnight positions close, interest becomes taxable/reportable then.

FREQUENTLY ASKED QUESTIONS (FAQS)

Question	Answer
Am I reportable?	If you're a U.S. person or CRS tax resident with a qualifying account balance. Use our online tool or contact us for a check.
Does this affect my taxes?	Indirectly—authorities use it to verify your declarations. No automatic tax withholding.
What if I have no TIN?	Provide a reason code; we report accordingly, but it may trigger authority follow-up.
Joint or Trust Accounts?	We assess each holder/beneficiary separately.
Changes in Rules?	We notify you of major updates (e.g., via email). Check irs.gov (FATCA) or oecd.org (CRS).



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CONTACT US

- **Compliance Team:** Email support@sbi.bank or call +1 (833) 290-2265
- **Resources:**
 - IRD FATCA Portal: sknfatca.org
 - IRS FATCA Page: irs.gov/businesses/corporations/foreign-account-tax-compliance-act-fatca
 - OECD CRS: oecd.org/tax/automatic-exchange
- **Last Updated:** October 6, 2025. This guide may be revised based on regulatory changes.

We value your trust and aim for full transparency. If you have questions, we're here to help—professional tax advice is recommended for personalized guidance.



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CLIENT CHART: INTEREST SCENARIOS FOR SAVINGS ACCOUNTS

This chart explains two scenarios for interest earned on your savings account tied to overnight market positions Sovereign Bank International. It covers how we handle and report interest under FATCA and CRS for reportable accounts (e.g., U.S. persons or foreign tax residents), including cases where positions may remain open for multiple years. **For tax obligations, consult your tax advisor.**

Aspect	Scenario 1: Positions Not Closed (Deferred Interest)	Scenario 2: Positions Closed (Actualized Interest)
What Happens	Interest is calculated but not added to your account because positions remain open, potentially for several years.	Interest is calculated and added to your account balance when positions close.
Example	\$500 interest earned in 2024, but positions stay open (e.g., for 2-3 years), so it's not in your balance until closure, possibly 2026 or later.	\$500 interest earned and added to your balance in 2025 when positions close.
Bank Reporting (FATCA/ CRS)	Not reported until added to your account (e.g., when positions close, which could be years later). Reported in the year of closure to the Inland Revenue Department, then sent to IRS (FATCA) or your tax authority (CRS).	Reported in the year added (e.g., 2025) to the Inland Revenue Department, then sent to IRS (FATCA) or your tax authority (CRS).
Your Account Statement	Shows interest as pending (if provided), not in balance. May reflect accrued interest over multiple years until positions close.	Shows interest in your balance once positions close.
What You Should Do	Track when positions close (could be multiple years) to know when interest is added. Keep your contact and residency info updated. Contact a tax advisor for long-term tracking.	Check statements for added interest. Contact a tax advisor for reporting requirements.



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Notes:

- We report annually (FATCA by August 29; CRS by June 30, next year).
- Positions open for multiple years delay reporting until closure, so monitor your account for updates.
- We do not issue U.S. Form 1099-INT; our reporting to authorities covers requirements.
- Visit sknfatca.org or irs.gov for more on FATCA/CRS.