



## ANNOUNCEMENT

*On the due diligence and reporting rules applicable to clients, specified in Act XXXVII of 2013 on Certain Rules of International Public Administration Cooperation Related to Taxes and Other Public Duties (hereinafter: Tax Cooperation Act)*

**Effective from: 1 January 2016**

**Published on: 1 January 2016**

In October 2014 Hungary committed to applying the multilateral Competent Authority Agreement and Common Reporting Standard (hereinafter: **CRS**) on the automatic exchange of financial account information, developed by the OECD.

Thereafter, the Council of the European Union prescribed the application of the rules related to CRR in the form of a directive (Council Directive of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (hereinafter: **DAC2**)).

Pursuant to the provisions of **Act XXXVII of 2013** on Certain Rules of International Public Administration Cooperation Related to Taxes and Other Public Duties (hereinafter: Tax Cooperation Act) effective from 1 January 2016, the domestic financial institutions are obliged to submit the taxpayers of the countries that committed to applying the CRS to a taxation due diligence procedure and report the result thereof to the tax authority of the country of their tax residence via the National Tax and Customs Administration (NTCA).

The list of the countries that committed to applying the CRS (hereinafter: Participating Jurisdictions) – also included at the end of this Announcement – is attached as **Annex 1 to Act CXC of 2015** on the Promulgation of the Multilateral Agreement between the Competent Authorities on the Automatic Exchange of Financial Account Information.

In view of the foregoing, starting from 1 January 2016 OTP Bank will perform the taxation due diligence review of all new clients and start the due diligence review of its existing clients.

## **Declaration**

All **account holders** that had no valid bank account (payment or savings account), securities account or passbook (hereinafter together: account) with the Bank on 31 December 2015 will qualify as new client.

Upon opening the account the Bank will establish the new client's residence for tax purposes.

New clients are obliged to make a written declaration on their residence for tax purposes, without exception.

**The Bank will not establish contractual relation with clients failing to make the declaration.**

In the case of clients having their residence for tax purposes in a Participating Jurisdiction the mandatory content elements of the declaration include the tax identification number of the client in the Participating Jurisdiction (if the Participating Jurisdiction issues such number), as well as his place and date of birth.

**IN VIEW OF THE FOREGOING, WE SPECIFICALLY REMIND OUR FUTURE ACCOUNT HOLDER CLIENTS THAT IF THEY WISH TO OPEN AN ACCOUNT WITH OTP BANK AND THEIR RESIDENCE FOR TAX PURPOSES IS IN A PARTICIPATING JURISDICTION, THE REGISTRATION OF THE TAX IDENTIFICATION NUMBER IN THE PARTICIPATING JURISDICTION IS AN ESSENTIAL CONDITION OF THE ACCOUNT OPENING.**

The Bank will establish the tax residence of those clients that on 31 December 2015 already had an account with the Bank, stipulated in this Announcement, after 1 January 2016.

Any account holder may have several residences for tax purposes, thus the declaration may contain more than one residence for tax purposes.

Each natural person must make one declaration. If the natural person is registered by the Bank as an individual entrepreneur and/or a primary producer, his residence for tax purposes shall be governed by the declaration issued in his capacity as a natural person.

A declaration made to OTP Bank also applies to the Client's Merkantil Mobile Deposit Account kept with OTP Bank on behalf of Merkantil Bank.

If the Bank learns or has a good reason to assume that the original declaration is erroneous or unfounded, the Bank will obtain a valid declaration from the Client based on which the client's residence for tax purposes can be established.

The declaration may also be made by submitting the declaration downloaded from the website of OTP Bank. The declaration can be download from here: <https://www.otpbank.hu/portal/hu/Kondiciok>

The declaration, signed by two witnesses, must be sent to the account-keeping branch. The address of the account-keeping branch is included in the bank account statement.

### **Formal requirements applicable to the instruments**

The declarations related to the residence for tax purposes, in the form of a private deed of full probative value, may be sent to the Bank by ordinary post (irrespective whether the Client is in Hungary or abroad).

When the instrument is issued not in the territory or under the jurisdiction of Hungary, the Bank may request the client to submit an instrument with Apostille certificate or authenticated/legalised by Hungary's diplomatic mission abroad.

### **Reporting to the tax authority of the Participating Jurisdiction**

When based on his declaration the account holder qualifies as a tax resident in a Participating Jurisdiction, the Bank – starting from 30 June 2017 – will send annual reports to NTCA with the data content specified in the Tax Cooperation Act.

The Bank will notify the client of the fact of the reporting within 30 days after submitting the data to NTCA.

The following accounts are exempted from the reporting obligation:

- Stability Savings Account
- Pension pre-savings account
- Start deposit and securities account
- Building society account
- Guardianship authority forint, foreign currency and securities account, as well as passbook

## **PARTICIPATING JURISDICTIONS:**

- |                            |                    |                                      |
|----------------------------|--------------------|--------------------------------------|
| 1. Albania                 | 26. France         | 51. Marshall Islands                 |
| 2. Anguilla                | 27. Ghana          | 52. Mauritius                        |
| 3. Antigua and Barbuda     | 28. Gibraltar      | 53. Mexico                           |
| 4. Argentina               | 29. Greece         | 54. Montserrat                       |
| 5. Aruba                   | 30. Grenada        | 55. Germany                          |
| 6. Australia               | 31. Guernsey       | 56. Republic of Niue                 |
| 7. Austria                 | 32. Netherlands    | 57. Norway                           |
| 8. Barbados                | 33. Croatia        | 58. Italy                            |
| 9. Belgium                 | 34. India          | 59. Portugal                         |
| 10. Belize                 | 35. Indonesia      | 60. Romania                          |
| 11. Bermuda                | 36. Ireland        | 61. Saint Lucia                      |
| 12. British Virgin Islands | 37. Iceland        | 62. Saint Vincent and the Grenadines |
| 13. Bulgaria               | 38. Japan          | 63. Samoa                            |
| 14. Chile                  | 39. Jersey         | 64. San Marino                       |
| 15. Cyprus                 | 40. Cayman Islands | 65. Seychelles                       |
| 16. Cook Islands           | 41. Canada         | 66. Sint Maarten                     |
| 17. Costa Rica             | 42. Colombia       | 67. Spain                            |
| 18. Curaçao                | 43. South-Korea    | 68. Switzerland                      |
| 19. Czech Republic         | 44. Poland         | 69. Sweden                           |
| 20. Denmark                | 45. Latvia         | 70. Slovak Republic                  |
| 21. South Africa           | 46. Liechtenstein  | 71. Slovenia                         |
| 22. United Kingdom         | 47. Lithuania      | 72. Turks and Caicos Islands         |
| 23. Estonia                | 48. Luxembourg     | 73. New Zealand                      |
| 24. Faroe Islands          | 49. Malta          |                                      |
| 25. Finland                | 50. Isle of Man    |                                      |