

**Basic information on international cooperation in tax administration consisting of the obligation of Citfin SD / Citfin FT (hereinafter Citfin) to verify, ascertain, and report to a specialized tax office information about its clients (tax non-residents and US citizens) at the beginning and during the business relationship**

In accordance with Act No. 164/2013 Coll., on International Cooperation in Tax Administration, Citfin has been obliged to ascertain and verify tax residency of its clients since 2016. Based on these findings, it reports selected information on these foreign clients to the Specialized Tax Office once a year for the previous calendar year. In particular, it concerns the identification of the client, including tax identification number, information on account balances, and information on income paid to this account (e.g. interest, dividends, income from the sale of securities). The Specialized Tax Office shall forward this information to the tax administrations of the respective states.

Citfin fulfils this fact-finding obligation through the Client Identification Statement, in which the client confirms the country of his/her tax residence. In the case of tax non-residents, the client shall also provide his/her tax identification number. The collection of statements primarily concerns clients entering into a new contractual relationship with Citfin. However, existing clients may also be required to submit the statement. The statement is issued for an indefinite period, and unless the client's circumstances change, it will be required only once.

The above-mentioned Act No. 164/2013, on International Cooperation in Tax Administration, also includes implementation of the Inter-governmental Agreement between the Czech Republic and the United States of America on improving tax compliance internationally and with respect to United States legal regulations on information and its reporting known as the Foreign Account Tax Compliance Act (FATCA). Accordingly, since 2014, Citfin has been identifying American citizens among new as well as existing clients. The documentation required to comply with the FATCA rules is then supplemented with these clients. Citfin also verifies client status for FATCA purposes through the Client Identification Statement. Citfin submits information on U.S. citizens' accounts once a year to the Specialized Tax Office, which then reports to the U.S. Internal Revenue Services (IRS).

The submission of Citfin client personal data to the Specialized Tax Office is implemented in accordance with the General Regulation on Personal Data Protection No. 2016/679 (GDPR), Article 6 (1c). The processing is required for compliance with a legal obligation applicable to the tax administrator.

Detailed information on international cooperation in tax administration is available here:

<https://www.mfcr.cz/cs/legislativa/mezinarodni-spoluprace-v-oblasti-dani>