

Department of Financial Institutions and Markets  
Bangladesh Bank  
Head Office  
Dhaka

DFIM Circular Letter No-03

Date: 28 January 2014

Managing Director/Chief Executive Officer  
All financial institutions licensed under Financial Institution Act, 1993

Dear Sir,

**Foreign Account Tax Compliance Act of the United States**

The Foreign Account Tax Compliance Act (FATCA) enacted in 2010 in the United States (U.S.) requires a 'Foreign Financial Institution (FFI)' to report to the U.S. Internal Revenue Service (IRS) information about certain accounts held by U.S. taxpayers or by foreign entities in which U.S. taxpayers hold a substantial ownership interest. According to the definition of FFI, all financial institutions as defined in the Financial Institution Act, 1993 have come within the provisions of FATCA.

As the Government of Bangladesh has not yet decided to execute an intergovernmental agreement with the U.S., these obligations can alternatively be discharged at individual financial institution level by registering and signing 'Participation Agreements' with the IRS. The National Board of Revenue (NBR) also consented on registering with the IRS if a financial institution has U.S. taxpayer accounts in its books.

Therefore, financial institutions concluding that FATCA may have implications for their customers and operations should register themselves with the IRS and put in place appropriate processes and controls to ensure compliance with FATCA. Concerned financial institutions are advised to visit the IRS's website, [www.irs.gov/fatca-registration](http://www.irs.gov/fatca-registration), for necessary guidance in this regard.

Because the agreement requires disclosures which would normally be breaches of the Financial Institution's general duty of confidentiality under prevalent Bangladeshi laws and practices, financial institutions are to obtain written consents from their customers before reporting the requested information to IRS. Financial Institutions should communicate with the existing customers well in advance of executing 'Participation Agreement' with the IRS enabling the accountholders to comply with reasonable requests for information or to provide acceptable documentation to meet the FATCA obligations.

This is for information and guidance.

Yours sincerely,  
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