

**MASTER CLIENT AGREEMENT FOR BUSINESS CLIENTS**

**FATCA and CRS – Foreign Tax Residency Schedule**

This Schedule forms part of the Master Client Agreement for Business Clients between Royal Bank and the Customer and outlines the Royal Bank's requirements for FATCA and CRS – Foreign Tax Residency.

**1. Definitions and Interpretation**

- 1.1. All capitalized terms not defined herein will have the meanings given in the Legal Terms and Conditions of the Master Client Agreement for Business Clients, and the rules of interpretation prescribed by the Legal Terms and Conditions also apply.

**2. Tax Residency**

- 2.1. The Customer confirms it has provided Royal Bank with its country (or countries) of tax residency, at the time of account opening.
- 2.2. The Customer will provide to Royal Bank any change in circumstances regarding tax residency within thirty (30) days. It is the Customer's responsibility to determine where it is resident for tax purposes, and if the Customer is uncertain whether or not it is a resident of Canada for tax purposes and/or a tax resident of another country or countries, the Customer will review information available at the Canada Revenue Agency (CRA), U.S. government websites, the Organization for Economic Cooperation and Development ("OECD"), and/or seek professional tax advice. Further information is available on the OECD website.
- 2.3. The Customer may be required to provide additional documentation to support its residence status for tax purposes.

**3. Guidance on the Common Reporting Standard (CRS)**

- 3.1. For the purpose of FATCA and CRS, financial accounts that are reported by Royal Bank to the CRA are shared with the government of a foreign jurisdiction that an individual or entity is a resident for tax purposes when Canada has an exchange relationship with that jurisdiction. Royal Bank will be required to automatically report specific information to the CRA on an annual basis. The CRA may in turn forward information about the Customer and its financial accounts to the other country.

**4. Guidance on the Canada-U.S. Enhanced Tax Information Exchange Agreement - Foreign Account Tax Compliance Act ("FATCA")**

- 4.1. In the case of the U.S., the CRA also shares the information with the Internal Revenue Service ("IRS") when an individual or entity is a U.S. person. The IRS definition of a "United States Person" for U.S. tax purposes includes a citizen or a resident of the U.S.. A citizen of the U.S.

(including an individual born in the U.S.) who is a resident in another country for tax purposes can still be a U.S. person if they have not renounced their U.S. citizenship.

- 4.2. Information for entities holding accounts with Canadian financial institutions is available at: <https://www.canada.ca/en/revenue-agency/services/tax/international-non-residents/enhanced-financial-account-information-reporting/information-entities-holding-accounts-canadian-financial-institutions.html>

## **5. Tax Identification Number (TIN)**

- 5.1. The the Customer acknowledges it has provided Royal Bank with its Tax Identification Number(s) (TIN) associated with its tax jurisdiction(s). A TIN is a unique identifying number used for tax purposes. Where the jurisdiction of tax residence issues a TIN, Royal Bank is required to collect and report the TIN. If Customer is not eligible or unable to obtain a foreign TIN, the Customer must provide a reasonable explanation.
- 5.2. Royal Bank may request from the Customer its TIN and may collect the Customer's TIN through various channels such as in-person, mail, email, phone or online.

## **6. Penalties**

- 6.1. Royal Bank may, without obligation or prior notice immediately take any action that it deems necessary or appropriate in connection with any Service, including to restrict access to, freeze, or suspend any Service, or decline, freeze, retain, reverse, return, or otherwise refuse to act on, honour, or process any Document or related transaction, if the Customer fails to provide a valid self-certification under FATCA or the Common Reporting Standard (CRS).
- 6.2. If the Customer fails to provide a U.S. TIN when required under FATCA, the Customer may be assessed a penalty of \$100.00 Canadian Dollars by the CRA directly.
- 6.3. If the Customer fails to provide a TIN for another jurisdiction as required under CRS, the Customer may be assessed a penalty of \$500.00 Canadian Dollars by the CRA directly.

## **7. Entity Classification**

- 7.1. If the Customer's business has an entity classification for the purposes of FATCA and CRS, the Customer and any Controlling Persons, if applicable, must provide a self-certification of residency for tax purposes. For the purpose of FATCA and CRS, the Controlling Person of an entity is defined as the natural person(s) who exercise control over the account(s). Please visit <https://www.canada.ca/en/revenue-agency/services/tax/international-non-residents/enhanced-financial-account-information-reporting/information-entities-holding-accounts-canadian-financial-institutions.html> for more information.

- 7.2. Royal Bank may rely on information in its possession including the Standard Industrial Code (SIC) to confirm the entity classification.

## **8. Citizenship by Investment / Residence by Investment (“CBI/RBI”) Scheme**

- 8.1. In accordance with the OECD, to the extent that the Customer, or a Controlling Person is identified to have tax residence in a jurisdiction offering a potentially high-risk CBI/RBI scheme, Royal Bank may require further confirmation that the provided self-certification or documentary evidence is correct and reliable.

## **9. Treatment for Beneficiaries**

- 9.1. In the case of a Customer that is a trust that classifies as a passive Non-Financial Foreign Entity (NFFE) or Non-Financial Entity (NFE), the Customer has disclosed to Royal Bank all natural persons who are discretionary beneficiaries of the trust. Please visit: [https://www.canada.ca/en/revenue-agency/services/tax/international-non-residents/enhanced-financial-account-information-reporting/reporting-sharing-financial-account-information-united-states/guidance-on-canada-s-enhanced-tax-information-exchange-agreement.html#h\\_5\\_4\\_1](https://www.canada.ca/en/revenue-agency/services/tax/international-non-residents/enhanced-financial-account-information-reporting/reporting-sharing-financial-account-information-united-states/guidance-on-canada-s-enhanced-tax-information-exchange-agreement.html#h_5_4_1).
- 9.2. The Customer agrees, by no later than January 31 of the year following the calendar year in which a distribution is made to a discretionary beneficiary, to provide Royal Bank with a new certification indicating the discretionary beneficiaries to which the trust has made a distribution and any information required by regulation as requested by Royal Bank in respect of the discretionary beneficiaries.