



**BANK OF ZAMBIA**

OFFICE OF THE DEPUTY GOVERNOR - ADMINISTRATION

27 June, 2014

**CB Circular No : 20/2014**

**TO : All Heads of Commercial Banks**

**IMPLEMENTATION OF FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA)  
BY COMMERCIAL BANKS**

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Further to our CB Circular No 14/2014 dated 16<sup>th</sup> May 2014 on the above subject, we wish to advise that the consultative process between Government and the various stakeholders regarding the signing of the FATCA agreement has been completed and that the Government is currently in the process of signing the agreement. The Government has resolved to adopt Model 2 of the Inter- governmental Agreement (Model 2 IGA) and has made necessary arrangements with their US counterparts regarding the finalization and execution of the agreement for purposes of implementing the FATCA by Zambian financial institutions.

As foreign financial institutions were required to register with the IRS and obtain a Global Intermediary Identification Number by 25 April 2014, the Bank of Zambia through the said Circular advised commercial banks to begin the registration processes and undertake all the necessary preparations for complying with the requirements under the FATCA. We have been informed by our American counterparts that as at 23 May 2014, only five (5) Zambian banks had registered and have since been given a confirmed status. Please be advised that the banks that have not yet registered with the IRS are required to do so before 1<sup>st</sup> July 2014 in order to avoid operational consequences arising from the application of withholding tax. All commercial banks are therefore advised to take this very seriously and to give it urgent attention to ensure compliance.

Given the implications of non-compliance by individual financial institutions on the stability of the banking system, non-compliance with the registration process will be deemed as an unsafe and unsound practice and will attract the applicable sanctions from the Bank of Zambia. In this regard, all commercial banks are directed to submit to the Bank of Zambia reports of their compliance status by 30 June 2014. The reports should be submitted to Bank Supervision Department.

**Dr Tukiya Kankasa-Mabula**

**DEPUTY GOVERNOR – ADMINISTRATION**