

Definitions

Disclaimer: These definitions are for information purposes only.

1. Who is a Politically Exposed Person (PEP)?

A PEP is a natural person who is or has been entrusted, in the past twelve (12) months, with a prominent public function in Malta or in another country that shall include:

- a. Heads of State, Heads of Government, Ministers, Deputy or Assistant Ministers, and Parliamentary Secretaries;
- b. Members of Parliament or similar legislative bodies;
- c. Members of the governing bodies of political parties;
- d. Members of superior, supreme, and constitutional courts or of other high-level judicial bodies whose decisions are not subject to further appeal, except in exceptional circumstances;
- e. Members of courts of auditors or of the boards of central banks;
- f. Ambassadors, charges d'affaires and high ranking officers in the armed forces;
- g. Anyone exercising a function equivalent to those set out in (a) to (f) above within an institution of the European Union or any other international body
- h. Members of the administrative, management or supervisory boards of State-owned enterprises;

With respect to the term immediate family members of PEPs, the term shall include:

- a. the spouse, or a person considered to be equivalent to a spouse;
- b. the children and their spouses, or persons considered to be equivalent to a spouse; and
- c. the parents.

With respect to the term close associates of PEPs, the term shall include:

- a. a natural person known to have joint beneficial ownership of a body corporate or any other form of legal arrangement, or any other close business relations, with that PEP;
- b. a natural person who has sole beneficial ownership of a body corporate or any other form of legal arrangement that is known to have been established for the benefit of that PEP.

2) **United States Resident for tax purposes** is one who meets the Green Card Test and / or Substantial Presence Test as defined below.

- a. **Green Card Test:** An alien individual passes the “green card” test if he or she is a **Lawful Permanent Resident of the United States at any time during the calendar year**, i.e., an alien individual is given the privilege, according to the immigration laws of the United States, of residing permanently in the United States as an immigrant. Generally, this means that the U.S. Citizenship and Immigration Service (USCIS) has issued an alien registration card to such alien individual, Form I-551, also known as a “green card.” The residency status continues, under this test, unless the status is voluntarily renounced and abandoned in writing to the USCIS, or it is administratively terminated by the USCIS, or it is judicially terminated by a U.S. federal court. If an alien individual meets the “green card” test at anytime during the calendar year, but does not meet the “substantial presence” test for that year, his or her residency starting date is the first day on which he or she is present in the United States as a Lawful Permanent Resident.
- b. **Substantial Presence Test:** You will be considered a U.S. resident for tax purposes if you meet the substantial presence test for the calendar year. To meet this test, you must be physically present in the United States on at least: 31 days during the current year, and 183 days during the 3-year period that includes the current year and the 2 years immediately before that, counting:
 - All the days you were present in the current year, and
 - 1/3 of the days you were present in the first year before the current year, and
 - 1/6 of the days you were present in the second year before the current year.

3) **Withholding Tax**

Withholding Tax, at a rate fixed in accordance with laws of Malta, will be deducted from the interest paid on accounts held by account holders who for tax purposes are considered as resident in Malta (e.g. Maltese ID Card Holder, Maltese Resident Document Holders). Unless advised otherwise by the account holder, Withholding Tax will be applied.