



**MWANGA RURAL COMMUNITY BANK**

## **Facts related to having an account in the overseas bank**



There are number of concerns related to having an account in an **overseas bank**, like some are concerned that whether the process is legal, some are concerned that how complicated the process is and some are concerned that are they eligible to have an account in the overseas bank or not. There are many other concerns that hit the people's mind. And if you are among those people who are having these concerns then you have come to right place. Here, we are going to explain all the aspects related to overseas bank accounts.

As you are here, you must be aware that an offshore account is the one that is located in any other country except the country of holder's residence. They are opened in the same way as a bank account is opened in your own country and you can use them to store any of your earnings. However, the requirements for opening an account and benefits that you will get differ from bank to bank.

### **Who can get an account opened in an overseas bank?**

Many people get confused just over the fact that whether they are eligible to have an overseas bank account or not. But, let us tell you that anyone, who is more than 18 years old, can have an overseas bank account. If you want to take the benefits of various investment opportunities that overseas banks offer, want to secure your money from the government, want to get more interest on your money or just want to reduce the amount that you pay as a tax, then you can consider having an overseas bank account.

For an instance, if you are having sufficient funds as savings in your domestic bank account then you can consider placing the extra savings in an overseas bank as it will help you save your money that otherwise would go in the form of tax deductions. Thus, if you are having enough funds and are 18 years old, then you are eligible for having an account opened in an overseas bank.

### **Is it legal to have an offshore bank account?**

Are you concerned about this question? Then let us tell you that it is totally legal to have a bank account overseas. The only thing that you need to take care is that it is not hidden. In short, having an overseas bank account is legal, but hiding it is illegal. For an instance, if you are a US resident and are having an offshore bank account then you are required to inform IRS about it, otherwise it will be considered as illegal activity and high penalties can be set against you. It is to make sure that you are paying taxes for the money you own; regardless it is saved in your own country or another country.



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### **Types of overseas bank accounts**

The overseas bank accounts are mainly classified into two types- accounts with fixed interest rate and accounts with variable interest rate. The variable rate accounts offer various bonuses and provide an easy access to your money, whereas the fixed rate accounts may lock your money for some time period. However, the terms change from bank to bank. It would be better to consider all your monetary needs while choosing an **overseas bank** as it would enable you to choose the one with more benefits.

### **Privacy and security of money held in an overseas bank**

You will be glad to know that the offshore bank accounts offer more privacy and security to your money along with providing you an easy access. There are the strict conditions for which the information will be revealed to your country's governments like in the case of criminal activities or more; otherwise your money remains protected. You cannot expect this privacy in your own country as none of the proceedings will remain hidden from the government.

Moreover, many of the offshore bank accounts are covered by compensation schemes which offer greater safety to your money. So, try to find a bank which would be able to provide you the required safety.

### **Tax implications for overseas bank accounts**

If you are aware that standard savings account used to deduct the tax before the interest was paid, whereas the offshore savings accounts use to pay the interest without deducting any tax. But, from April 2016, both these accounts use to pay the interest without any tax deductions. It has happened due to the arrival of Personal Savings Allowance. According to it, the basic-rate tax payers are not required to pay tax for first 1000 pound of interest whereas the High-rate tax payers are not required to pay tax for 500 pounds. And in the case more interest is earned, it will be taxable. So, no matter in which **overseas bank** you are having your account, you will be required to pay tax; though the amount can change.