

# FATCA Newsletter

Under the Foreign Account Tax Compliance Act (FATCA), the new law to combat offshore tax evasion and improve global tax compliance, foreign financial institutions (FFI) must provide the Internal Revenue Service (IRS) with information about US persons' offshore accounts which are worth more than \$50,000. Failure to do so could result in the institution being effectively frozen out of U.S. markets.

An announcement (2014-17) was recently made by the IRS regarding the following FATCA related matters:

- Jurisdictions Treated as Having an Intergovernmental Agreement (IGA) in Effect
- Extension of Deadline for Financial Institution Registration



## Jurisdictions Treated as Having an IGA in Effect

The IRS defines the Intergovernmental Agreement (IGA) as “an agreement or arrangement between the U.S. or the Treasury Department and a foreign government or one or more agencies to implement FATCA”. IGAs can be classified as Model 1 IGA and Model 2 IGA and define the way FFIs are expected to register themselves with FATCA.

Some countries have FATCA agreements “in substance” with the United States but have not signed agreements yet. This has created confusion for foreign businesses in these jurisdictions as to how they should comply with FATCA in the absence of an IGA deal.

Therefore IRS issued an announcement to clarify to FFIs the information needed to prepare to comply with FATCA. The most important points in the announcement are:

- Countries with “in substance” agreements will be seen as complying with the law or having an IGA in effect, even if the agreements are not finalized before 31 December 2014.
- An IGA in effect will also include jurisdictions that will reach an agreement “in substance” with the United States on the terms of an IGA before 1 July 2014.
- All IGAs “in substance” (including those agreed upon before 1 July 2014) must be signed by December 31, 2014 in order for their compliance status to continue without interruption.

- Jurisdictions that reach agreements “in substance” on or after July 1, 2014, will not be included in the list of jurisdictions that are treated as having an IGA in effect until the IGA is signed.

A list of all jurisdictions that are treated as having an intergovernmental agreement in effect can be found [here](#).



## FATCA Financial Institution Registration Deadline Extension

The FATCA Registration website is used by an FI to register itself (and its branches, if any) as a participating FFI (PFFI), a registered deemed-compliant FFI (RDCFFI), a Limited FFI, a Limited Branch, or a Sponsoring Entity depending on the existence and type of an Intergovernmental Agreement (IGA). This registration results in the issuance of a unique Global Intermediary Identification Number (GIIN) for the FFI and its identification on the IRS FFI List, which will allow an FFI to certify its status to a withholding agent.

IRS will issue the first FFI List with GIINs by 2 June 2014 as well as an update every month thereafter.

To ensure inclusion in the initial FFI List, the registration deadline was **April 25, 2014**. In IRS' latest announcement, this deadline was extended to **May 5, 2014**

Further, the IRS believes it can ensure registering FFIs that their GIINs will be included on the July 1 IRS FFI List if their registrations are finalized by June 3, 2014 (GMT -5).

There is also a possibility for inclusions in the June 2 or July 1 IRS lists if the FFIs finalize their registrations after May 5 or June 3 respectively; however, the IRS cannot provide assurance that this will be the case.

Please follow this link to view FATCA announcement 2014-17:

<http://www.irs.gov/pub/irs-drop/a-14-17.pdf>

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