

IRS Upgrades and Enhances FATCA Registration System

Issue Number 2015-36 of the IRS bulletin was released on 23 November 2015. As per this update, Financial Institutions that have registered as a sponsoring FFI will now have to disclose details of sponsored entities and obtain Global Intermediary Identification Number (GIIN) for the sponsored entities. This newsletter provides further information with regard to the above.



What is a Sponsored Entity?

A Sponsored Foreign Financial Institution (FFI) as described under the FATCA regulations:

1. Is an FFI solely because it is an investment entity;
2. Is not a Qualified Intermediary, Withholding Partner, or Withholding Trust; and
3. Has agreed with the entity identified below (Sponsoring FFI) to act as the sponsoring entity for this entity



Who can sponsor an Entity?

A Sponsoring Foreign Financial Institution (FFI) is described under the FATCA regulations as an FFI that:

1. Is authorized to manage other FFIs and enter into contracts on behalf of the FFI (such as a fund manager, trustee, corporate director, or managing partner);
2. Has registered with the IRS as a sponsoring entity;
3. Agrees to perform, on behalf of the FFI, all due diligence, withholding, reporting, and other requirements that the FFI would have been required to perform if it were a participating FFI;
4. Identifies the FFI in all reporting completed on the FFI's behalf to the extent required under §1.1471-4(d)(2)(ii)(C) and 1.1474-1; and
5. Has not had its status as a sponsor revoked.

Until now, Sponsored entities were allowed to use the GIIN of their sponsoring entity for purposes of FATCA reporting and for completing a Form W-8BEN-E. Sponsoring FFIs were not required to disclose the names of the entities they were sponsoring to the IRS or to the local competent authorities.



Changes as per bulletin 2015-36

The IRS has now rolled out upgrades to its FATCA Registration system. The major highlight of these is a new feature for obtaining GIINs for sponsored entities. This feature is now accessible on the FATCA registration portal. Some key points to note for Sponsoring FFIs are -

1. **Timeline for Completing Registration**: Sponsored FFIs will be required to have their own Global Intermediary Identification Number (GIIN) for FATCA reporting and withholding purposes by Dec. 31, 2016.
2. **How to register**: Sponsoring entity financial institutions will be able to register their sponsored entities either individually or by submitting a file containing multiple records.
3. **Support Tools Available**: The IRS provides a Microsoft Excel-based Sponsored Entity Data Preparation Tool for users choosing the multiple record file upload option. This tool and instructions on using it can be accessed [here](#).



Other Key Information

1. As a result of the new sponsored entities and sponsored subsidiary branches, the values available for the GIIN have expanded.
2. New questions have been added to the FFI registration screens, where FFIs can indicate their local tax identification number, if applicable.
3. Other questions relating to identifying the common parent of an Expanded Affiliated Group (EAG) have also been added.
4. Certain financial institutions can now change their “Financial Institution Type”.
5. Member financial institutions can now transfer to another expanded affiliated group without having to cancel their current agreement and re-register

For more detailed information on the registration system, please refer to the [FATCA Online Registration System User Guide](#) and [FAQs](#)



FATCA Reporting Deadline

As you might already be aware, reference to the latest circular from the Central Bank of Bahrain dated 12 October 2015. The U.S. Department of Treasury and the CBB have agreed on extending the FATCA reporting deadline from 30 September 2015 to 30 September 2016.

The CBB expects all licensees to be prepared to submit their reporting to the CBB before 30 September 2016 deadline. FIs in Bahrain will most likely have to prepare for reporting 2 years data in 2016. Further guidance is awaited from the Central Bank on reporting format and other information relevant to reporting.

Source: CBB circular dated 12 October 2015

For more information, enquiries and events please do not hesitate to contact: [Ranjith Kumar](mailto:Ranjith.Kumar@keypoint.me) on ranjith.kumar@keypoint.me or [Chahira Ashcroft](mailto:Chahira.Ashcroft@keypoint.me) on chahira.ashcroft@keypoint.me