

F.A.T.C.A. 24/7

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Tags
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INSTRUCTIONS TO KEY F.A.T.C.A. TAX FORMS RELEASED

On June 19, Instructions for the Form W-8IMY, Certificate of Foreign Intermediary, Foreign Flow-Through Entity, or Certain U.S. Branches for United States Tax Withholding and Reporting, were released. The instructions provide useful guidance because they allow entities to attach alternative certifications based on an Inter-Governmental Agreement (“I.G.A.”) or the regulations instead of checking a box on the form.

On June 24, the Internal Revenue Service (“I.R.S.”) released final instructions on Form 8966, F.A.T.C.A. Report. The instructions provide that taxpayers must file Form 8966 for the 2014 calendar year on or before March 31, 2015. They will get an automatic 90-day extension for calendar year 2014 without the need to file any form or take any action.

On June 26, the I.R.S. released instructions for Forms W-8BEN-E, Certificate of Status of Beneficial Owner for United States Tax Withholding and Reporting (Entities). Foreign entities must present Form W-8BEN-E to their withholding agents, who must then determine whether, when and how much to withhold. The form covers requirements under both Chapter 3, which deals with more broad-based withholding, and Chapter 4, which covers F.A.T.C.A.

On June 27, the I.R.S. released instructions for Form 1042-S. The Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding, is the form withholding agents will use to report any U.S. source payments or withholding under F.A.T.C.A. and traditional withholding under Chapter 3 of the Internal Revenue Code. The form has been updated to accommodate reporting of payments and amounts withheld under the provisions of F.A.T.C.A.

PUTIN SIGNS BILL TO ALLOW DIRECT F.A.T.C.A. REPORTING BY RUSSIAN BANKS

On June 30, Russian President Vladimir Putin signed legislation to allow Russian banks to report information on U.S.-owned accounts directly to the U.S. under F.A.T.C.A. The action follows a breakdown of negotiations between Russia and the U.S. on adoption of an I.G.A.

F.F.I. REGISTERED LIST

By July 1, approximately 80,000 F.F.I.'s have registered to share information on their U.S. account holders under F.A.T.C.A., according to an updated list issued by the I.R.S.

QUALIFIED INTERMEDIARY AGREEMENTS

The I.R.S. released Revenue Procedure 2014-39, providing a long-awaited updated qualified intermediary agreement (“Q.I. Agreement”), which now incorporates F.A.T.C.A. The revenue procedure also provides further guidance for Q.I. registration and renewal under F.A.T.C.A. The revenue procedure provides instructions for entering into the Q.I. Agreement with the I.R.S. under Treasury Regulations §1.1441-1(e)(5). The revised Q.I. Agreement clarifies that a non-financial foreign corporation or intermediary is eligible to enter into the Q.I. Agreement and describes the specific requirements for such an entity to the extent they differ from the requirements applicable to a Q.I. that is an F.F.I.

ADDENDUM TO F.A.T.C.A. ONLINE REGISTRATION USERS GUIDE

The I.R.S. has released an addendum to the F.A.T.C.A. online registration user guide for financial institutions registering online as a participating foreign financial institution, a registered deemed-compliant foreign financial institution, a limited foreign financial institution, or a sponsoring entity.

SIGNIFICANT I.G.A. COUNTRIES WERE ADDED

More than 90 intergovernmental agreements (“I.G.A.’s”) were in effect on July 1, the launch date for F.A.T.C.A., according to the latest data from the Treasury Department.

China, Saudi Arabia, Israel and the British Virgin Islands are all among the most significant recent additions to the list.

The Italian Ministry of Finance has prepared a ministerial decree required for F.A.T.C.A. and the agreement should be ratified by parliament in the coming weeks. Liechtenstein has released draft legislation to implement its agreement with the U.S. for F.A.T.C.A.

At this time, the countries that are Model I partners by execution of an agreement or concluding an agreement in principle are:

Algeria	Denmark	Jersey	Portugal
Anguilla	Dominica	Kosovo	Qatar
Antigua & Barbuda	Dominican Republic	Kuwait	Slovenia
Australia	Estonia	Latvia	South Africa
Azerbaijan	Finland	Liechtenstein	South Korea

Bahamas	France	Lithuania	Spain
Barbados	Greenland	Luxembourg	St. Kitts & Nevis
Bahrain	Grenada	Malaysia	St. Lucia
Belarus	Georgia	Malta	St. Vincent & the Grenadines
Belgium	Germany	Mauritius	Sweden
Brazil	Gibraltar	Mexico	Romania and Thailand
British Virgin Is.	Guernsey	Montenegro	The U.K.
Bulgaria	Guyana	The Netherlands	Turkey
Cabo Verde	Haiti	New Zealand	Turkmenistan
Canada	Hungary	Norway	Turks & Caicos
Cayman Islands	Honduras	Panama	United Arab Emirates
China	India	Peru	Ukraine
Colombia	Indonesia	Poland	Uzbekistan
Costa Rica	Ireland	Saudi Arabia	
Croatia	Isle of Man	Serbia	
Curacao	Israel	Seychelles	
Czech Republic	Italy	Singapore	
Cyprus	Jamaica	Slovak Republic	

The countries that are Model II partners are: Armenia, Austria, Bermuda, Chile, Hong Kong, Iraq, Japan, Moldova, Nicaragua, Paraguay, San Marino, Switzerland, and Taiwan.

