



IRS Issues New FAQ, Updates on Forms 1099, Instructions for the Requestor of Forms W-8, and the FFI List

FATCA Update

Over the course of the last several weeks, the IRS has issued multiple updates via its FATCA News & Information subscription service.

On October 27, 2014 the IRS posted a new FAQ outlining the method of locating a branch on the FFI list using the branch's GIIN, as set forth below.

Branch/Disregarded Entity Questions

Question: How can a withholding agent find the name and Global Intermediary Identification Number ("GIIN") of a branch on the FFI list?

Answer: To locate a branch on the Foreign Financial Institution ("FFI") list, type the first 6 characters of the branch's GIIN into the FFI list search and download tool. If the FFI that maintains the branch is in approved status, the search results will list (i) the name, GIIN, and country of residence for the FFI, and (ii) the GIIN and country of residence for the FFI's approved branches. Furthermore, if the first 6 characters of the GIIN are associated with a Lead Financial Institution ("FI"), the search results will list (i) the name, GIIN, and country of residence for the Lead FI, (ii) the GIIN and country of residence for the Lead FI's approved branches, (iii) the name, GIIN, and country of residence for the approved Member FIs, and (iv) the GIIN and country of residence for the Members' approved branches.

On October 29, 2014 the IRS issued new versions of Forms 1099-DIV, 1099-INT, and 1099-OID and accompanying instructions for the 2015

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taxable year, available on the IRS Product Page and attached herein. The Forms 1099 have been updated to allow an FFI to satisfy its Chapter 4 requirement to report U.S. accounts that it maintains and that are held by a specified U.S. person, and a checkbox has been added to identify such FFIs. The IRS also posted a FATCA supplement for Forms 1099 on November 3, discussing an FFI's ability and eligibility to report a U.S. account on Form 1099 instead of on Form 8966. By making such an election, the FFI agrees to report as if it were a U.S. payor and as if each holder of an account of a specified U.S. person, U.S. owned foreign entity, or owner-documented FFI were a payee who is an individual and citizen of the U.S. Essentially, this means electing FFIs will be subject to enhanced Form 1099 reporting since otherwise exempt entities must be reported as well as substantial U.S. owners of passive NFFEs and U.S. owners of owner-documented FFIs.

On November 3, 2014 the IRS posted updated and supplemental guidance for the Instructions for Form W-8BEN-E and Instructions for the Requester of Forms W-8BEN, W-8BEN-E, W-8ECI, W-8EXP, and W-8IMY. These updates provide corrections and additions to the instructions released in June 2014 and July 2014, respectively, and should be relied on until they are incorporated into the next revision of the instructions. Similarly, the IRS posted a recent development to the Instructions for Form 1042-S. This update supplements and modifies certain sections of the instructions and should be followed in conjunction with the 2014 Form 1042-S instructions.

Finally, on November 3, 2014 the IRS announced updates to the FATCA FFI List Search & Download Tool System. The "FI Name" field can now accommodate up to 150 characters (formerly, 40 characters) and new special characters (brackets, curly brackets, and parentheses). The IRS previously posted the below update to the FATCA Registration System FAQ, requiring the first 100 characters to match the FFI's legal name. It is unclear the impact these updates will have on any previously registered FFI, as, prior to these changes, the IRS had limited the name to 40 characters and required only the first 10 characters to match the FFI's legal name.

General System Questions

Question 7: How should an FI enter the FI legal name in question 2 or the member FI legal name in question 12 (for lead FIs) if the FI legal name is longer than what the system allows, or has characters that the system does not allow?

Answer: The FATCA registration system can capture 150 characters (spaces between names will count toward the character limit). Further, only upper and lower case letters (a-z, A-Z), numbers (0-9) and the following special characters are accepted: blank space, ampersand, hyphen, forward slash, period, comma, apostrophe, pound sign, percent sign, brackets, parentheses, and curly brackets (% - / . , ' # % [] () { }). The legal name cannot start with a special character. To the extent that the full legal name can be entered, please do so. If however, the full legal name does not fit, please note the following:

- At least the first 100 characters must match the FI's legal name.

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- Any legal and numerical designations must be included in the remaining 50 characters.

- No abbreviations in the first 100 characters, but otherwise it is okay to abbreviate.

For more details please contact our FATCA Leadership for Azerbaijan.

