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**Deloitte.**

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FAHTCAweekly

Your snapshot of the week



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We welcome our readers back from holidays and hope that the mid-Summer onset of FATCA imposed less disruption and complications than feared and anticipated.

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#### Editor's Note on our Subsequent Publication Schedule and the Transition of the Newsletter

Over the next few weeks, we will publish three editions of the newsletter concentrating on analytical overviews for the key guidance materials released by the IRS towards the end of June:

- Instructions to Form 8966 (i.e. FATCA reporting);
- Instructions to Form W-8BEN-E;
- Instructions to Form W-8IMY;
- Requester Instructions to Forms W-8, and
- The revised Qualified Intermediary (QI) Agreement.

These three August editions will be the final publications for the newsletter in its current format. Starting in September, we will transition to a monthly newsletter with a sharper technical focus and a more expansive scope.

In aid to this transition, we ask our readers to click on the survey link [here](#) or at the bottom of this email and complete and submit the survey available on the Deloitte website. We will apply the information obtained from the survey results to craft a revised strategic approach to the newsletter, better-suited to the developing needs and interests of our readership. We thank you in advance for your help in this matter.

**Paul Millen**  
Editor, FATCAweekly Newsletter

## The View from Deloitte

Dear Reader,

After a waiting period filled with scrutiny of the Treasury Regulations, intergovernmental agreements (IGAs) and accompanying materials, on 24 June 2014 the IRS released the new FATCA reporting guidance (2014 Instructions for Form 8966). These instructions provide financial institutions the concrete guidance necessary to implement the new FATCA account reporting obligations.

As the end goal, FATCA imposes account reporting obligations on a variety of financial institutions:

- Foreign Financial Institutions (FFIs) that entered into an FFI agreement with the IRS to be treated as a participating FFI (PFFIs) or Reporting Model 2 FI thereby agreed to satisfy reporting obligations on an annual basis via Form 8966 for designated accounts held directly or indirectly by Specified U.S. Persons.
  - o In addition, for a transitional period for the calendar years 2015 and 2016, such FFIs will report on accounts held by nonparticipating FFIs (NPFFIs) via Form 8966;
- Certain deemed-compliant entities and U.S. Financial Institutions also incur limited reporting requirements via Form 8966; and
- Reporting Model 1 FIs have substantially similar reporting obligations as PFFIs and Reporting Model 2 FIs, but will not likely use the Form 8966 to report their account holders to the local tax authorities and thus the instructions to the Form 8966 are informative, but not determinative of their reporting obligations.

FFIs must report on any account maintained by the FFI identified and documented as one of the specified account types. However, the majority of accounts treated as pre-existing will still be subject to the transition period for the review and remediation of such accounts and thus will not yet be classified by the end of 2014. Such accounts, unless prematurely identified and documented as a reportable account type, will not be subject to reporting for tax year 2014.

The submission date for the Forms 8966 for any relevant accounts maintained by a PFFI in 2014 is 31 March 2015. However, the 2014 instructions introduced an automatic 90-day extension (effective for tax year 2014 only) without the need for the filer to request one. While the 90-day extension will automatically be granted where solicited in subsequent years, this general concession by the IRS for tax year 2014 effectively postpones the deadline to 30 June 2015, allotting filing institutions more time to invest in the preparation of the first set of reporting materials. Further, the extension better aligns, at least for one year, the timelines for PFFIs with those for Model 1 FIs, which will report their account holder information closer to

the middle of the year, depending of course on the specific guidance from the local tax authorities. However, some Model 2 IGAs, notably the Swiss one, require that the aggregate data of non-consenting NPFFI and/or of non-consenting U.S. account holders be reported significantly in advance of 31 March.

The instructions provide guidance and help filing institutions to prepare for the reporting, but also help clarify the major steps that still need to be initiated or completed. Even where the issued guidance explains key points, challenges remain and key tasks must be implemented in order to meet the first filing deadline and to ensure that the FFI has the information for its account holders it needs to satisfy its reporting obligations. The Form 8966 reporting requires for the year 2014 and subsequent years, besides reporting of identifying account holder data (name, address and U.S. TIN) to report account balances or values, and starting with calendar year 2015 certain income payments in accordance with the payment categories provided on the Form 8966. These content obligations may impose changes on current IT processes or banking systems, so that necessary financial information can be generated and stored for the purpose of new FATCA reporting rules.

Also the instructions confirm that financial institutions must submit the Form 8966 information electronically to the IRS, irrespective of the quantity of accounts reported. As a result, the required reporting information will need to be formatted pursuant to the specification of the IRS Publication 5124 (i.e. the FATCA XML guide, available [here](#)) before it can be submitted to the IRS. Therefore, reporting institutions need to prepare and build such an XML reporting method or retain an external service provider able to provide one for them.

Finally, while not required by FATCA or the instructions to the Form 8966, as a customer service, FFIs may wish to develop a parallel process for the issuance of notification reports to any clients reported via the Form 8966 process, thereby alerting the client to both the fact of the report and the content therein.

Plainly, for typical FFIs, an extended route of financial account identification, classification and reporting (where relevant) lies ahead. However, with the release of the instructions to the Form 8966, the IRS identified crucial landmarks for reaching the destination.

Regards,

[Brandi Caruso](#)  
FATCA Leader, Switzerland

[Andreas Di Cesare](#)

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### [FAHTCAweekly Feedback Survey](#)

In order to continue to meet the needs and expectations of our readers, we kindly request your feedback on the FAHTCAweekly newsletter. Your opinion is vital to the maintenance and improvement of the newsletter. Please share it with us via a short online survey. The survey is confidential and all data, if released publicly in any form or manner, will be aggregated to ensure no company or individual can be identified.

Please use the following [survey link](#) to provide us your feedback. If you have any questions in relation to the survey, please [contact us](#). We thank you in advance for your time and look forward to hearing from you.

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Reason for the Spelling of our Title

The unusual spelling of our title indicates that the newsletter covers more than FATCA, encompassing all the current and upcoming issues concerning Foreign Account Holders by condensing key developments in all pertinent tax and regulatory matters into a compact, up-to-date and easily accessible digest of critical information

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