

## *FAH*TCA*weekly*

# Breaking News – Expanded IGA Treatment and Short Registration Extension

03 April 2014

Dear Reader,

### **Expanded IGA Treatment**

In response to “concerns about the status of FFIs in jurisdictions that are known to be in an advanced stage of concluding an IGA, but have not yet signed an agreement”, on 2 April 2014, the U.S. Treasury Department issued Announcement 2014-17 stating that it will treat more than a dozen intergovernmental agreements (“IGAs”) that have been settled in substance as signed and deem them as active for FATCA purposes. However, for any deemed active IGA not signed by 31 December, or where Treasury objects to the pace of progress on a signed agreement, the deemed active classification will be revoked.

This announcement added the following countries to the list of countries with valid IGAs:

#### *Model 1 IGA*

- Australia
- Belgium
- Brazil
- British Virgin Islands
- Czech Republic
- Gibraltar
- Jamaica
- Kosovo
- Latvia
- Liechtenstein
- Lithuania
- New Zealand

- Poland
- Portugal
- Qatar
- Romania
- Slovenia
- South Africa
- South Korea

*Model 2 IGA*

- Austria

These countries join the 26 other countries with IGAs approved thus far. The list of valid IGAs is available [here](#).

Key IGAs still outstanding include:

- China
- Cyprus
- Hong Kong
- India
- Israel
- Russia
- Singapore

However, their omissions from the above list does not necessarily affirm that they will not have active IGAs in time for the new registration deadline as a few may have already initialed or signed an IGA, but not yet announced so publicly. The Announcement explicitly provides for more countries to be deemed active in the coming weeks, though after 1 July, for IGAs not yet listed as active, only countries with signed IGAs will be treated as active. We encourage our readers with financial institutions in jurisdictions without IGAs to monitor the list on a regular basis.

In terms of expected content of the IGAs applicable to financial institutions in these countries, the Announcement re-affirms Treasury's determination for each new IGA to replicate as much as possible the framework IGAs released on 4 November 2013 with deviations limited to the Annex II. As a result, the Announcement states that the "categories of exempt beneficial owners, deemed compliant FFIs, and accounts excluded from the definition of financial accounts will therefore not be applicable until the IGA is signed." Therefore, entities subject to the deemed active IGAs have recourse to **only** "categories of exempt beneficial owners, deemed compliant FFIs, and accounts excluded from the definition of financial accounts" accessible via the Treasury Regulations until the IGA is finalized. For example, crucially, these categories do not include Trustee-documented Trusts.

## Short Registration Extension

In addition, Treasury announced they are extending the FFI registration deadline from 25 April to 5 May, granting institutions an additional 10 days to register with the IRS.

The Announcement also emphasized that withholding agents allowed 90 days not impose withholding on entities that have not yet obtained a GIIN or not yet been listed on the IRS GIIN list.

Regards,

### **Brandi Caruso**

FATCA Leader, Switzerland

### **Paul Millen**

FATCA Project Leader, Switzerland

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General Guisan-Quai 38  
P.O. Box 2232  
8022 Zurich

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