

FATCA Update

IRS Notice 2016-08 provides relief: extensions, consistency and clarity



The IRS released Notice 2016-08 providing relief with respect to some upcoming deadlines as well as guidance on the ability to accept electronically collected documentation from intermediaries. The key items in the Notice include:

2015 Gross Proceeds Reporting for NPFFI Accounts Eliminated

A modification to the FATCA regulations eliminating the need for participating FFIs, reporting model 2 FFIs and registered deemed compliant FFIs to report gross proceeds paid to, or with respect to, an account held by an NPFFI for calendar year 2015. This modification provides substantive reporting relief for financial institutions by aligning reporting requirements between NPFFI accounts and US/ODFFI accounts. It is expected that this relief will also be adopted by Model 1 IGA countries as well, extending it to Reporting Model 1 FFIs

Preexisting Account Certification Deadline Extended for PFFIs and Model 2 FFIs

In order to reduce compliance burdens and streamline the implementation of the certification requirements, the IRS intends to amend the FATCA regulations and the FFI agreement to provide that the required preexisting account certification must be submitted to the IRS at the same time that the participating FFI or reporting Model 2 FFI is required to submit its first periodic certification of compliance. In addition, the regulations will be modified to conform with the FFI agreement so that the periodic certification of compliance must be submitted on or before July 1 of the calendar year following the certification period, instead of no later than six months following the end of the certification period. This means that both certifications will be due to the IRS by July 1, 2018, for a participating FFI or reporting Model 2 FFI that has an FFI agreement with an effective date of June 30, 2014. The pre-existing account certification

was originally due August 29, 2016. This change does not extend the deadlines for due diligence procedures for pre-existing accounts.

The compliance departments of financial institutions benefitting from this modification should be able to conduct more thorough, systematic due diligence measures and become more comfortable with the accuracy of initial preexisting account certifications.

Timeline Clarity on Certification Requirements for Registered Deemed Compliant FFIs

The Notice establishes clear timeline parameters, with definitive start and end points, for the periodic certification by Registered Deemed Compliant FFIs. It also provides the deadline by which the first certification must be provided, which will now be synchronized with the first periodic certification and which did not exist for local FFIs. The first certification period will begin on the later of June 30, 2014 or the date the FFI registered as deemed compliant and end at the close of the calendar year of the third full calendar year after the start of the certification period.

As timeline was provided for periodic certification in the regulations this modification represents the relief of uncertainty and will provide compliance departments the ability to more effectively project resourcing requirements.

Guidance on accepting electronic tax forms

Finally, the Notice provides guidance on the acceptance of beneficial owner tax Forms W-8 and W-9 that are collected electronically by an intermediary or pass-through. The Regulations will be amended to state that Withholding Agents may rely on such forms as long as they obtain a written statement confirming that the electronic documentation was generated from a system that meets the requirements in §1.1441-1(e)(4)(iv), §1.1471-3(c)(6)(iv), or Announcement 98-27, as applicable and the withholding agent does not have actual knowledge that such statement is incorrect.

This new standard should significantly enhance the customer experience of withholding agents, mitigate excessive compliance burdens and reduce unnecessary withholding and/or tax form rejection.

For more information please [click here](#) or please contact:

Denise Hintzke

Director, Global FATCA Tax
Leader
Deloitte Tax LLP
+1 212 436 4792

Anne Mericle

Senior Manager, Global FATCA PMO
Deloitte Tax LLP
+1 212 436 3908

Susan Schultz

Director, FATCA Global
Delivery Center (GDC)
Operations Leader
+1 612 397 4604

Americas

John Rieger

Partner, National Tax Financial
Services Industry
Deloitte Tax LLP
+1 212 436 6934

Patty Florness

Partner, Global Information
Reporting
Deloitte Tax LLP
+1 212 436 7413

Helda Rock

Director, FATCA Enterprise Risk
Services Leader, US
Deloitte & Touche LLP
+1 973 602 6052

Mike Wade

Director, FATCA Enterprise Risk
Services Leader, US
Deloitte & Touche LLP
+1 804 697 1537

Matthew Cahill

Partner, Global Information Reporting
Deloitte Tax LLP
+1 212 436 3420

John Kocjan

Partner, FATCA Consulting Leader,
US
Deloitte Consulting LLP
+1 212 618 4181

Michael Shepard

Principal, Deloitte Transactions and
Business Analytics LLP
+1 215 299 5260

Jon Watts

Director, FATCA Enterprise Risk
Services Leader, US
Deloitte & Touche LLP
+1 212 436 6561

James Dockeray

FATCA Leader,
Caribbean/Bermuda
Deloitte & Touche Ltd.
+1 441 299 1399

Dennis Metzler

FATCA Leader, Canada
Deloitte & Touche LLP
+1 416 601 6144

Greg Thomas

Principal, Global Information
Reporting
Deloitte Tax LLP
+1 415 783 5211

Asia-Pacific

Jim Calvin

FATCA Leader, Asia-Pacific
Deloitte & Touche LLP
+852 22387426

Anna Bleazard

FATCA FAS Leader, Asia-Pacific
Deloitte & Touche Financial Advisory
Services Pte Ltd.
+65 6216 3277

Marie Gervacio

FATCA Regional Consulting
Leader, Asia-Pacific (excl.
Japan)
Deloitte Consulting (Hong
Kong) Limited
+852 9104 7451

Alison Noble

FATCA Leader, Australia
Deloitte Tax Services Pty Ltd
+61 3 9671 6716

Michael Velten

FATCA Leader, Southeast Asia
Deloitte & Touche LLP
+65 6531 5039

Europe, Middle East & Africa

Brandi Caruso

FATCA Leader, Switzerland
Deloitte AG
+41 58 279 6397

Claire Dawson

FATCA Tax Leader, Middle East
Deloitte LLP
+971 4 5064900

Humphry Hatton

FATCA Co-Leader, Middle
East
Deloitte LLP
+971 4 5064730

Umair Hameed

FATCA FAS Leader, Middle East
Deloitte Corporate Finance Ltd
+971 4 5064878

Piero Molinario

FATCA FAS Leader, Europe
Deloitte & Touche, S.p.A
+39 02 8332 5102

Nick Sandall

FATCA Consulting Leader,
EMEA
Deloitte LLP
+ 44 20 7007 1850

Chris Tragheim

FATCA Tax Leader, EMEA
Deloitte LLP
+ 44 20 7303 2848

Markus Weber

Financial Services Industry Tax
Leader, Switzerland
Deloitte AG
+41 58 279 7527

Global Information Reporting

Matthew Cahill

+1 212 436 3420

Terence Coppinger

+1 212 436 6412

Patty Florness

+1 212 436 7413

Denise Hintzke

+1 212 436 4792

Anthony Martirano

+1 973 602 6986

Susan Segar

+1 703 885 6328

Kristen Starling

+1 212 436 4281

Faye Tannenbaum

+1 212 436 2968

This alert contains general information only and Deloitte is not, by means of this alert, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This alert is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor. Deloitte shall not be responsible for any loss sustained by any person who relies on this alert.

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms. Please see www.deloitte.com/us/about for a detailed description of the legal structure of Deloitte LLP and its subsidiaries. Certain services may not be available to attest clients under the rules and regulations of public accounting.

Copyright © 2016 Deloitte Development LLC. All rights reserved.
Member of Deloitte Touche Tohmatsu Limited