



IRS publishes Announcement 2016-27: Update on jurisdictions treated as if they have an IGA in effect

Closing the distance

The IRS published [Announcement 2016-27](#) informing financial institutions that on January 1, 2017 Treasury will update the Intergovernmental Agreement (“IGA”) List to remove certain jurisdictions that have failed to bring an IGA into force. The Announcement states that these jurisdictions will no longer be treated as having an IGA in effect but clarifies that a jurisdiction will not cease to be treated as having an IGA in effect until at least 60 days after the jurisdiction’s status on the IGA List is updated. Foreign financial institutions (“FFIs”) in jurisdictions that cease to be considered as having an IGA in effect will not be able to rely on the IGA and, unless they qualify for an exception under the FATCA regulations, will have to enter into FFI Agreements in order to comply with their FATCA obligations, including reporting information to the IRS and withholding.

Treasury may evaluate whether a jurisdiction will continue to be treated as having an IGA in force based on two points:

- Whether the jurisdiction has submitted by December 31, 2016 a detailed explanation of why the IGA is not yet into force and a plan (including dates) intended to be followed to sign the IGA and/or bring it into force; and
- Whether the explanation and plan provided, along with the jurisdiction’s past conduct with regard to IGA discussions, show a firm resolve to bring the IGA into force.

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