

## Operational Tax News

### New IRS Announcement – Status of substantially agreed IGA jurisdictions may be reconsidered

**09 August 2016**

In late July 2016, the IRS released Announcement 2016-27 stating that on 1 January 2017, the US Treasury will update its IGA list, and will remove certain jurisdictions from the list of foreign jurisdictions that are treated as having intergovernmental agreements (IGAs) in effect.

Jurisdictions which are treated as having an IGA in effect should provide Treasury with “a detailed explanation of why the jurisdiction has not yet brought the IGA into force and a step-by-step plan that the jurisdiction intends to follow in order to sign the IGA (if it has not yet been signed) and bring the IGA into force, including expected dates for achieving each step.”

Foreign financial institutions (“FFIs”) in jurisdictions that will be removed from the list, 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 directly and withholding, and will therefore face greater FATCA compliance burdens.

Since 2013, the Treasury has provided a [list of jurisdictions](#) that are as having an IGA in force as long as the jurisdiction is taking “reasonable steps” or showing “firm resolve” to sign the IGA (if no IGA has been signed) or to bring the IGA into force.

The tax alert of our US colleagues can be consulted [here](#).

Do not hesitate to contact us in case you would have any questions.

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