

Operational Tax News

FATCA Update - October 2016

11 October 2016

Deadline to register sponsored entities is approaching

As reminded by the [IRS Notice 2015-66](#), sponsoring entities may be required to register their sponsored entities on or before 31 December 2016 in order to obtain a separate GIIN for each such sponsored entity.

Registration requirements vary depending on where the sponsored entity is resident:

I. Model 1 IGA jurisdiction

If the sponsoring entity identified any U.S. Reportable Accounts with respect to a sponsored investment entity or a sponsored controlled foreign corporation (CFC) covered by Annex II of a Model 1 IGA, the sponsoring entity must register such sponsored investment entities and sponsored CFCs before midnight on 31 December 2016 and the date that is 90 days after a U.S. reportable account is first identified.

II. Model 2 IGA jurisdiction

A sponsored investment entity or a sponsored CFC covered by Annex II of a Model 2 IGA must be registered before 31 December 2016 irrespective of whether U.S. Reportable Accounts have been identified.

III. Non-IGA jurisdiction

Sponsoring entities must register their sponsored registered deemed-compliant FFIs and sponsored direct reporting NFFEs irrespective of whether U.S. Accounts have been identified.

An up-to-date list of Model 1 and Model 2 jurisdictions can be found [here](#).

The withholding certificates (e.g., forms W-8BEN-E, W-8IMY, etc.) of the sponsored entities that have been registered and that have obtained a GIIN need to be updated as such. Updated withholding certificates must be obtained by the withholding agents for payments made on or after 1 January 2017.

The IRS recommends that each sponsoring entity required to register the sponsored entities obtains GIINs well in advance of 1 January 2017, in order to give withholding agents sufficient time to complete the verification requirement.

Implications for Luxembourg sponsoring and sponsored entities

Sponsored investment entities and sponsored CFCs resident in Luxembourg (a Model 1 IGA jurisdiction) that have identified U.S. Reportable Accounts must be registered by their sponsoring entity before midnight on 31 December 2016 and the date that is 90 days after a U.S. reportable account is first identified.

If a Luxembourg sponsoring entity sponsors foreign-sponsored entities, that sponsoring entity will need to determine the applicable registration rules based on the country of residence of such sponsored entities.

Sponsored entities that have been registered and obtained a GIIN need to be re-documented with updated withholding certificates.

If you have any questions regarding the above, please do not hesitate to contact us.

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