



Foreign Account Tax Compliance Act (“FATCA”) for Non-Financial Institutions

Deloitte’s Global Information Reporting (“GIR”) practice is comprised of professionals with extensive tax technical knowledge and experience with process and technology. Deloitte offers a wide range of compliance and advisory services to companies required to comply with FATCA legislation. FATCA implementation requires significant changes to documentation, withholding, depositing, and reporting procedures.

Why now?

Though the obvious impact of the FATCA regime will be on businesses in the financial services industry, multi-national, non-financial services organizations can be impacted and may be required to implement US tax documentation, due diligence, reporting, and withholding processes among other FATCA requirements.

- The phase-in of FATCA withholding began on July 1, 2014 and could result in the application of FATCA withholding on certain US source income, extending to certain gross proceeds in 2017.
- March 2015 is the first filing date for FATCA-related forms. Organizations need to understand the reporting requirement and confirm they are prepared.
- The Internal Revenue Service has made a significant investment in stricter enforcement of information reporting requirements and has increased penalties for failure to comply.

What is the impact?

The primary impact that FATCA will have on non-financial services companies is that they might be deemed withholding agents for purposes of FATCA. Although there is an exception for certain non-financial payments made in the ordinary course of a business, many payments made by non-financial services organizations could be subject to FATCA withholding and reporting. At minimum, non-financial services companies will need to re-evaluate the current information reporting and withholding procedures and determine whether any are impacted by the new FATCA rules.

- Non-financial services companies that do not make withholdable payments may still be indirectly impacted as they find themselves confronted with requests from financial institutions where they hold accounts to certify their FATCA status.
- Non-compliance can create significant tax exposure. A withholding agent may be responsible for the entire withholding tax liability, up to 30 percent of amounts paid to non-resident aliens.
- Penalties and interest may apply. For companies that conduct business internationally, this can represent a significant amount for tax liabilities.

Who can benefit?



FATCA regulations and Intergovernmental Agreements (“IGAs”) impact virtually all multi-national organizations operating across every industry. Not only financial institutions but also non-financial companies that make US source “withholdable payments” to non-US entities will have significant compliance burdens and liabilities.

Deloitte service highlights

Non-financial services entities should conduct a FATCA assessment to determine whether FATCA applies to their payment types and their operations, and if so, determine the changes required to comply with the new rules. Our end-to-end FATCA solution includes:

Business impact and gap analyses, system and process analysis, engagement planning, and implementation roadmaps

IT consulting and implementation services

Privacy and data protection solutions

Governance program development including policies, procedures, and compliance tracking



Contacts

Patty Florness

Partner
Deloitte Tax LLP
+1 212 436 7413
pflorness@deloitte.com

Denise Hintzke

Director, Global FATCA Tax Leader
Deloitte Tax LLP
+1 212 436 4792
dhintzke@deloitte.com

Regina Aries

Senior Manager
Deloitte Tax LLP
+1 617 437 2476
raries@deloitte.com

Robert Schlock

Senior Manager
Deloitte Tax LLP
+1 212 436 3541
rschlock@deloitte.com

Why Deloitte?

By reducing manual tasks, saving time, and addressing risks, Deloitte's GIR team can provide strategic value to a company's systems and processes, facilitating foreign withholding documentation and payment processes, through delivering:

- A focused yet flexible approach and scalable service to assist with your organization's particular needs and circumstances
- A globally connected, multidisciplinary team dedicated to tax function value creation, value preservation, and process excellence
- Broad range eminence in the marketplace; thought leadership
- Technology and tax technical skills including deep industry knowledge and insights into key regulatory trends affecting information reporting
- Established Centers of Excellence involving integrated teams in the US and India that are experienced in engagements of all sizes
- Demonstrated track record on engagements assisting clients throughout phases in the tax data life cycle, including foreign withholding documentation and consulting with respect to payment processes
- A view into recent technologies and software products, plus insight on how they work in different finance and tax environments

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