



# Foreign Account Tax Compliance Act (FATCA) for Financial Services Institutions

Deloitte’s Global Information Reporting (“GIR”) practice is comprised of professionals with extensive tax technical knowledge and experience with process and technology. Deloitte provides a wide range of compliance and advisory services to U.S. Withholding Agents (“USWAs”) and Foreign Financial Institutions (FFIs) required to comply with FATCA legislation. FATCA implementation requires significant changes to documentation, withholding, depositing, and reporting procedures.

## Why now?

- The phase-in of FATCA withholding began on July 1, 2014 and non-compliance could result in the application of withholding on certain U.S. source income, extending to certain gross proceeds in 2017.
- March 2015 is the first filing date for FATCA reporting. Organizations need to understand the reporting requirements to confirm they are prepared.
- Failure to institute the required changes on a timely basis may be costly and time consuming.
- The ability to rely on transitional relief requires institutions to show a “good faith” effort.

## What is the impact?

- Failure to register with the IRS, as required and/or provide necessary documentation may result in entities suffering a 30% withholding tax on certain payments
- USWAs who fail to impose withholding as required may be responsible for the entire withholding tax liability, in addition to penalties and interest
- Market and reputational risk
- Compliance for FATCA will generally require modifications to existing policies, procedures and systems and remediation of tax documentation
- Readiness, implementation and remediation plans will require input from corporate departments including compliance, operations, tax, and technology

## Who can benefit?

FATCA regulations and Intergovernmental Agreements (“IGAs”) impact virtually every organization operating across all industries. Compliance with new U.S. tax withholding and reporting requirements is likely to be aggressively enforced for:



- USWAs
- Banks, credit unions, and insurance organizations
- Broker dealers
- Clearing organizations and custodians
- Trust companies
- Mutual funds, pension funds, exchange traded funds, hedge funds, private equity, and fund of funds
- Other investment corporations, partnerships and trusts, including family investment trusts
- Non-U.S. employee benefit plans

The FATCA withholding tax applies to U.S. source financial type income and the gross proceeds from the sale of any obligation that could give rise to U.S. interest and dividends.

## Deloitte service highlights

With account remediation tools, documentation guidance, and tax technical review we provide a progressive organization-centric approach. Our end-to-end FATCA solution includes:

- Business impact and gap analyses, system and process analysis, project planning, and implementation roadmaps
- Account remediation and documentation assistance
- Business requirements and systems mapping
- Governance program development, including policies, procedures, and compliance tracking
- IT consulting
- Privacy and data protection solutions
- Reporting



## Contacts

### Denise Hintzke

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

### David Charlton

Senior Manager  
Deloitte Tax LLP  
+1 617 437 2118  
dcharlton@deloitte.com

### Anne Mericle

Senior Manager  
Deloitte Tax LLP  
+1 212 436 3908  
americle@deloitte.com

## Why Deloitte?

By reducing manual tasks and addressing risks, Deloitte's GIR team can provide strategic value to clients through delivering:

- A flexible approach and scalable service to provide assistance for your organization's particular needs and circumstances
- A globally connected, multidisciplinary team with established Centers of Excellence experienced in delivering engagements of all sizes
- Thought leadership and broad range eminence in the marketplace
- Technology and tax technical skills including deep industry knowledge and insights into key regulatory trends affecting information reporting
- Demonstrated track record assisting clients throughout the FATCA life cycle, including onboarding, account remediation, payment processes, withholding and reporting
- A view into the latest technologies and software products, plus insight on how they work in different finance and tax environments

### 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](http://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](http://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.