

IRS introduces digital enhancements to FATCA registration system

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FATCA is a registration system for the reporting of foreign financial assets which targets non-compliance by US taxpayers' with assets in overseas jurisdictions or which hold substantial ownership interest in a foreign enterprise.

The secure, web-based system helps financial institutions with FATCA compliance and is the mechanism through which global intermediary identification numbers (GIINs) are assigned. The latest updates allow participants to input information on a more detailed level than before. The modifications also include an updated jurisdiction list. The upgrade is aimed at facilitating compliance and speeding up the steps of the registration process.

"It should simplify the registration process for investment entities and other FFIs that elected to use the sponsor option, as they can now do a bulk registration," said Denise Hintzke, FATCA global tax leader at Deloitte in the US.

"It will also make it much easier for institutions that find that they need to make a modification to their existing registration, which wasn't really possible under the old process."

More than 170,000 FFIs across 200 jurisdictions in the world have registered with the IRS under FATCA.

"There will be a large increase in the number of registered FFIs as the sponsored entities come online," said Hintzke.

Launched in 2013, the online registration system allows the IRS to identify FFI and other applicable entities with FATCA obligations.

These entities generally report on foreign financial accounts held by US taxpayers under the terms of FATCA or that are in accordance with specific intergovernmental agreements.

John Koskinen, IRS commissioner, described the registration system as "the backbone of FATCA".

"These upgrades improve the FATCA process, enabling the registration of sponsored entities and making it easier for registrants to use," he said, "Working with financial institutions and through intergovernmental agreements, our progress against undisclosed foreign accounts continues."

The new features of the updated system, implemented on November 16, allow users to manually change their information, download registration tables and modify their financial institution type.

Certain sponsored entities are required to have their GIIN for FATCA reporting and withholding purposes by December 31, and the new system updates will enable sponsoring entities to add their sponsored entities and sponsored subsidiary branches.

Hintzke describes the modifications to the system as an expected upgrade to address other issues.

"For example, it is now possible for a FFI to change its registration without having to cancel and re-register," said Hintzke.