



IRS updates FATCA FAQs addressing questions about QDD status application and QDD status effective date

Closing the distance

On November 29, the IRS added two questions to the FATCA FAQs General [webpage](#), providing guidance on questions about qualified derivatives dealer (QDD) status application and QDD status effective date.

One of the new FAQs states that a qualified intermediary (QI) that is not currently a QDD does not have to wait for its QI agreement to expire to apply for QDD status. A QI that wants to apply for QD status should contact the IRS Foreign Intermediary Team by e-mail at: lbi.fi.qiwpissues@irs.gov. The same FAQ further states that once a QI is granted a QDD status, it can no longer act as a qualified securities lender (QSL) and that QSL status shall expire for all QIs on 12/31/2017.

Another FAQ added to FATCA FAQs General webpage provides guidance on the QDD status effective date. Specifically, this FAQ states that if a prospective QDD applies for QDD status prior to March 31 of a given calendar year and its application is approved, the QDD status will become effective as of January 1 of that year. If, however, a prospective QDD submits its QDD application after March 31 of a calendar year and the IRS later approves this application, the QDD status shall become effective: (i) January 1 of that year if the prospective QDD has not received any reportable payments prior to submitting its application; or (ii) the first day of the month in which QDD application is approved if the prospective QDD has received any reportable payment before submitting its application. The same FAQ further specifies that QDD applications should not be submitted prior to the year QI wants its QDD status to become effective. This FAQ also clarifies that a prospective QDD that applies for QDD status after 03/31/17 cannot represent status as a QDD on Form W-8IMY before the QDD application approval date.

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