

TAX ALERT

FATCA REPORTING REMINDER

BY SUSAN GRBIC AND TIMOTHY EVANS

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Foreign Financial Institutions (“FFI”) in Model 2 Intergovernmental Agreement (“IGA”) jurisdictions and non-IGA jurisdictions need to be aware that March 31, 2017 is the deadline for filing Form 8966, *FATCA Report*, the filing used to report an account held by a U.S. person to the Internal Revenue Service.

Most non-U.S. banks, broker-dealers, asset managers, funds, investment entities and life insurance companies are considered FFIs, and thus must comply with FATCA reporting requirements. To date, many FFIs have not needed to file Forms 8966 since the complete review of all pre-existing accounts was not required to be completed until June 30, 2016. However, identification of all accounts as U.S. or Foreign, as well as collection of the FATCA status of each account holder is now compulsory. Consequently, all FFIs must identify any account belonging to a U.S. person that was maintained during 2016, and be prepared to report the account to that Internal Revenue Service.

For purposes of FATCA, an “account” includes a depository or custodial account, an equity or debt interest in an investment entity, and a cash-value insurance contract. Further, an account will be considered “held by a U.S. person” if the beneficial owner of the account is a U.S. citizen or resident, or U.S. business entity such as a corporation, partnership, or trust.

The March 31, 2016 deadline applies to FFIs in jurisdictions that do not have an IGA in effect, as well as all Model 2 jurisdictions, namely:

Austria	Armenia	Bermuda	Chile
Hong Kong	Iraq	Japan	Nicaragua
Moldova	Paraguay	San Marino	Switzerland
Taiwan			

The information required to be reported consists primarily of: Account Holder’s Name, Address, Taxpayer Identification Number, Account Number, and Account Balance or Value.

Failure to file a Form 8966 with respect to each account held by a U.S. person is subject to penalties. Additionally, failure to file could potentially result in the cancellation of an entity’s FFI Agreement with the Internal Revenue Service, an event that might lead to withholding on future U.S. source income. Fortunately, FFIs in Model 2 or Non-IGA jurisdictions are not required to file a “nil” report indicating that they have no accounts held by U.S. persons.

If any entity has questions regarding the aforementioned reporting, including the proper identification of U.S. persons or reportable accounts, please contact Susan Grbic, Partner, at Mazars USA LLP at 212-375-6911 or Timothy Evans, Manager, at 646-435-1580.

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