
US Treasury and IRS release updates to FATCA regulations

February 20, 2014

In brief

The US Treasury and the IRS released on February 20 two key updates to FATCA and related regulations:

- Final and temporary regulations for FATCA
- Coordinating regulations for Chapters 3, 4 and 61.

These regulations are lengthy (over 550 pages) and contain numerous changes that will likely impact how FATCA is implemented by foreign financial institutions around the world. PwC will provide a detailed analysis shortly. In the meantime, please see the high level summary below.

Final and temporary regulations for FATCA ([Link](#))

The regulations contain over 50 discrete amendments and clarifications to the FATCA regulations issued in January 2013 to provide clarifications and to take into account certain stakeholder suggestions regarding ways to further reduce burdens consistent with FATCA's compliance objectives. Modifications to the final regulations are also intended to harmonize FATCA with the approach taken in the intergovernmental agreements (IGAs).

Key amendments and clarifications include those relating to:

- The accommodation of direct reporting to the IRS, rather than to withholding agents, by certain entities regarding their substantial US owners
- The treatment of certain special-purpose debt securitization vehicles
- The treatment of disregarded entities as branches of foreign financial institutions
- The definition of an expanded affiliated group
- Transitional rules for collateral arrangements prior to 2017.

Coordinating regulations for Chapters 3, 4 and 61 ([Link](#))

The regulations also harmonize the requirements contained in FATCA with the pre-FATCA rules under Chapters 3 and 61 and Section 3406. Chapter 3 contains reporting and withholding rules relating to payments of certain US source income to non-US persons. Chapter 61 and Section 3406 address the reporting and withholding requirements for various types of payments made to certain US persons.

The changes made by the coordinating regulations relate to four key areas:

- Rules for identification of payees
- Coordination of the withholding requirements under Chapter 3, Section 3406 and FATCA
- Coordination of Chapter 61 and FATCA regarding information reporting with respect to US persons

- Conforming changes to the regulations implementing the various regimes.

For further information, please see

- The US Treasury press release on today's regulations ([Link](#))
- The US Treasury fact sheet on the regulations ([Link](#))
- The PwC FATCA page ([Link](#))

- The US Treasury FATCA page ([Link](#))
- The IRS FATCA page ([Link](#)).

Let's talk

For more information on how the regulations might impact you, please contact a member of the Global Information Reporting Network. To view contacts for over 70 countries worldwide, click [here](#).