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PwC Azerbaijan Times

Special Issue: FATCA News

Overview of this Issue:

- **Azerbaijan has been added to Model 1 list of jurisdictions that have reached an agreement in substance with the US for FATCA**



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For any questions related to the information included herein, please contact

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Brief information

With just months until many of the provisions of FATCA (Foreign Account Tax Compliance Act) take effect, a number of foreign financial institutions (FFIs) resident or organized in 34 different jurisdictions have been provided temporary intergovernmental agreement (IGA) FFI status until December 31, 2014. This 'in effect' status is the basis for determining the requirements for FFIs in these jurisdictions regarding IRS registration and the potential due diligence, withholding, and reporting obligations under FATCA. The 'in effect' status only applies to an institution resident in such country, but does not include branches located outside of such country. It also applies to any branch located in the IGA country.

This temporary status was provided in Announcement 2014-17 ([link](#)) released on April 2, 2014 by the US Department of the Treasury (Treasury) and the Internal Revenue Service (IRS). The announcement, which was accompanied by a separate Treasury press release ([link](#)), provides two significant changes:

- *An expansion of the circumstances in which the United States will treat a jurisdiction as having an IGA in effect through the end of 2014.* The US Treasury expanded the list of jurisdictions deemed to have an IGA in effect which provides FFIs in those jurisdictions with much needed clarity as they prepare to comply with FATCA. To be included on the Treasury's 'in effect' list (see [link](#)), the partner country must agree in substance to an IGA before July 1, 2014 and consent

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to have the status of its IGA disclosed. Treasury has noted on its website an additional 34 jurisdictions in which IGAs are now treated as being in effect. FFIs in these jurisdictions are permitted to register consistent with their treatment under the relevant model IGA and will be permitted to certify their status to withholding agents consistent with that treatment.

- Azerbaijan was added to the list of Model 1 countries on May 16.
- FFIs located in Azerbaijan should follow the guidance for Model 1 jurisdictions, notably the extension on the deadline for registration contained within Announcement 2014-1 ([link](#)).

In addition, on May 2, 2014, the US Department of the Treasury (Treasury) and the Internal Revenue Service (IRS) announced in Notice 2014-33 ([link](#)) that calendar years 2014 and 2015 will be regarded as a transition period for purposes of IRS enforcement and administration with respect to the implementation of the Foreign Account Tax Compliance Act (FATCA or Chapter 4).

Additional information

For more information on how FATCA might impact your business, please contact Sakina Ibrahimova at +994 12 4972515 or via sakina.ibrahimova@az.pwc.com.

For more information about Notice 2014-33, please see the previously released *Tax Insight “US Treasury and IRS provide good faith transitional relief under FATCA”* (Click [here](#)).

For more information about the release of the new FATCA regulations, please see the previously released *Tax Insight “With only four months to go, do you know the impact of the latest FATCA guidance?”* (Click [here](#)).

For other information regarding FATCA

guidance and implementation, please click [here](#) for the *PwC FATCA Thought Leadership* archive.

