

Global IRW Newsbrief

Information reporting and withholding (IRW)

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United States and Ireland sign a bilateral FATCA Intergovernmental Agreement

In brief

On 21 December 2012, the Chargé d'affaires at the US Embassy in Ireland and the Minister for Finance of Ireland signed an intergovernmental agreement (the US-Ireland IGA) under the provisions commonly known as the Foreign Account Tax Compliance Act (FATCA). As anticipated, Annex II of the US-Ireland IGA specifically identifies the Irish institutions and products that are to be excluded from the FATCA requirements because they are seen as presenting a low risk of being used to evade US tax.

The US-Ireland IGA closely follows the Model I Agreement issued in July 2012 by the governments of France, Germany, Italy, Spain, the UK and the US, but also provides that where a new individual account is excluded from the documentation requirement at the time it is opened because the account balance is de minimis, but subsequently becomes subject to documentation because it exceeds the threshold, a Financial Institution will have ninety (90) days to document the account.

***PwC Observation:** The U.S. Treasury continues to update the Model 1 agreement that appears on the Treasury website and the Model already has been changed to reflect the new 90 day requirement.*

As noted in the accompanying Department of Finance announcement, the US-Ireland IGA:

- Provides certainty and clarity to Irish and American Financial Institutions who wish to do business with each other and assist Irish Financial Institutions in preparing to meet their compliance obligations under FATCA;
- Significantly increases the amount of tax information automatically exchanged between Ireland and the United States; and

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- Provides for the automatic reporting and exchange of information in relation to accounts held in Irish financial institutions by U.S. persons, and the reciprocal exchange of information regarding U.S. financial accounts held by Irish residents.

The signing of the US-Ireland IGA follows the conclusion of negotiations on the Ireland-specific Annex II, which notes the types of institutions and products that qualify as Exempt Beneficial Owners, Deemed-Compliant Financial Institutions, and Exempt Products.

PwC Observation: *The Annex II includes certain authorised and regulated investment funds within the scope of Deemed-Compliant Financial Institutions, which is a positive development for the Irish financial services industry. Additionally, the US-Ireland IGA removes the potential for duplicative reporting where an investment fund delegates reporting responsibilities to other service providers.*

Other Irish tax favoured and government sponsored products such as certain retirement benefit schemes, share option schemes and employee share ownership trusts have also been listed as "Exempt Products".

The US-Ireland IGA also provides that either Ireland or the US can request a consultation to develop appropriate measures in the case of any difficulties which may arise in the implementation of their IGA.

Additional reference

The Irish government announcement can be found at:
<http://www.finance.gov.ie/viewdoc.asp?DocID=7477>.

See [*Global IRW Newsbrief: Treasury releases model intergovernmental agreement for implementing FATCA*](#) for more information on the Model Agreement.

For more information about FATCA, please visit our web site at
<http://www.pwc.com/us/fatca>.

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