

FATCA reporting – 2014 and 2015 treated as transitional periods by the Mexican and U.S. Tax Authorities

Last week, the Mexican Tax Authorities (*Servicio de Administración Tributaria or SAT*) published a Competent Authority Arrangement (CAA) signed between Mexico and the U.S., which contains clarifications and guidance on FATCA obligations, such as the format of reporting (XML files) and the procedures applicable to non-compliance ([Link](#)).

Most importantly, the CAA establishes that for the purposes of enforcing FATCA obligations, both 2014 and 2015 would be treated as “transitional periods” by the U.S. and Mexican governments. This means that the “good faith efforts” of financial institutions towards FATCA compliance for these years will be taken into account when considering the sanctions and penalties to be applied for a failure to fully comply with FATCA requirements.

This transitional rule would seem to give financial institutions that were unable to fulfill all reporting obligations by **September 15, 2015** but demonstrated “good faith efforts”, additional time to review, rectify and resolve instances of non-compliance.

If you were not able to fulfill all of your FATCA reporting obligations by **September 15, 2015** or would like to discuss what this new announcement could mean for your institution in more detail, please get in touch with our experts.

What is FATCA?

As you may know, the Mexico-U.S. intergovernmental agreement to implement FATCA (IGA) requires financial institutions located or resident in Mexico to report financial information on certain accounts held directly or indirectly by U.S. persons to SAT. This information is subsequently transmitted by SAT to the U.S. Tax Authorities. For purposes of the agreement, financial institutions include banks, asset managers, insurance companies and/or fiduciaries, among others

Mauricio Hurtado

mauricio.hurtado@mx.pwc.com

Karina Pérez Delgadillo

karina.perez.delgadillo@mx.pwc.com

Bosun Adebaki

bosun.adebaki@mx.pwc.com

www.pwc.com/mx/impuestos-servicioslegales

El contenido de este documento es meramente informativo y de ninguna manera debe considerarse como una asesoría profesional, ni ser fuente para la toma de decisiones. En todo caso, deberán consultarse las disposiciones fiscales y legales, así como a un profesionista calificado.