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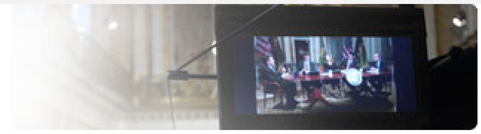

FATCA Goes Into Effect With Broad International Support

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Implementation of the Law is Important Step Toward Reducing the Tax Gap and Combatting Offshore Tax Evasion

WASHINGTON – In a major milestone in the Administration's effort to crack down on tax evasion and reduce the tax gap, the Foreign Account Tax Compliance Act (FATCA) goes into effect today. FATCA was enacted in 2010 by Congress with bipartisan support to target noncompliance by U.S. citizens of tax obligations using foreign accounts. Since that time, FATCA has gained broad support among international partners, including many of the world's largest financial centers, and is poised for a strong start.

"Over the past several years, FATCA has become the global standard in combatting international tax evasion and promoting transparency, and today this important initiative goes into effect," said Deputy Assistant Secretary for International Tax Affairs Robert B. Stack. "With FATCA agreements treated as in effect with nearly 100 jurisdictions and more than 80,000 financial institutions already registered to comply with the IRS, the international support for FATCA is without question. We will continue to work with our international partners in our efforts to crack down on international tax evasion and create a fairer and more transparent global tax system."

FATCA seeks to obtain information on accounts held by U.S. taxpayers in other countries. Governments have two options for complying with FATCA: they can either permit their FFIs to enter into agreements with the IRS to provide the required information or they can themselves enter into one of two alternative Model Intergovernmental Agreements (IGAs) with the United States. If foreign financial institutions (FFIs) do not agree to identify and report information on U.S. account holders, FATCA requires payors to withhold a portion of certain U.S. source payments made to those FFIs.

Under a Model 1 agreement, FFIs report the relevant information to their respective governments, which then relay that information to the IRS. By contrast, a Model 2 agreement contemplates that FFIs will provide relevant information to the IRS themselves, with government-to-government cooperation serving to facilitate reporting when necessary to overcome specific legal impediments.

Generally, financial institutions in countries that have not signed intergovernmental agreements with the United States must register with the IRS and enter into a so-called 'FFI Agreement' or be subject to 30 percent withholding on certain payments from the U.S.

Further information on FATCA can be found at the Treasury Department's FATCA page.
View the full list of FATCA agreements treated as in effect here.

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