

# FATCA Analysis Process

## I. Assessment

Determine the size of the problem, number of entities involved and scope of the project.

- A. Identify project participants(s). Make sure management support is included.
  1. Who is to be the responsible officer (RO) who will sign off on any required registration, reporting and compliance procedures?
  2. Will there be any points of contact (POC) who will also have access to the IRS portal?
- B. Identify business units, operational areas, various entities involved and structure of organization.
- C. Review documents and agreements that impact obligations of organization.
- D. Analyze current recordkeeping and determine extent of any present Know Your Customer and Anti Money Laundering procedures.
- E. Determine classification of various owners/payees/customers per FATCA rules to determine reporting and withholding requirements.
  1. For each entity, determine whether it is an foreign financial institution (FFI) and its type (Participating FFI [PFFI], Registered Deemed Compliant FFI [RDCFFI], Certified Deemed Compliant FFI [CDCFFI], Exempt FFI).
  2. Determine whether entity is part of an expanded affiliated group (EAG).
    - a. If part of EAG, will it report for entire group or have subgroup reporting?
    - b. Will it have consolidated reporting pursuant to Reg. Sec. 1.1471-4(f)(2)(ii)?
  3. Will it register as a single, lead, member or sponsoring FFI entity?
    - a. Lead will list members, who will have to subsequently register and obtain Global Intermediary Identification Numbers (GIIN).
    - b. If a sponsoring FFI, it will need to eventually register the sponsored FFIs.
  4. Is it covered under a Model 1, Model 2 or no IGA? If not under an IGA, does it want to be covered under the IGA or deal directly with the IRS (if allowed under IGA)?
  5. If not an FFI, what type of NFFE is the entity (passive, active, direct reporting or exempt)?

- a. Passive NFFE will have to report on any substantial U.S. owners with less than 10 percent
- b. Publicly traded entities and their affiliates are exempt NFFEs.

## II. Plan Development

Plan is based upon assessment phase and incorporation of existing policies and procedures to extent possible.

- A. Design new operating model for organization; use what currently exists, when possible.
  1. Establish compliance plan, which should include type of reports, due dates (tax calendar) for filing and people responsible for various tasks.
  2. Determine if present due diligence procedures are adequate. Modify if needed to identify substantial U.S. owners.
- B. Include in plan development the beneficial changes to enhance organization's goals and objectives.
- C. Design system changes that will be needed to comply with FATCA.
- D. Establish timeline for compliance and implementation, and modify as needed.

## III. Implementation

On-going, stage-based approach to implementing policies, procedures and documentation as well as reporting to be completed and filed.

- A. Communicate with internal and external stakeholders (owners, customers, advisors and service providers)
- B. Educate internal personnel on new procedures and policies.
- C. Update/modify systems to capture new information, produce required reporting and determine filing deadlines.
- D. Evaluate results on a periodic basis, making changes where needed.