About EY
EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies around the world. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

Ernst & Young LLP is a client-serving member firm of Ernst & Young Global Limited operating in the US.

© 2016 Ernst & Young LLP.
All Rights Reserved.
SCORE No. CK0984
BSC No. 16010-2085514
ED None
ey.com
Critical transition for FATCA

The Foreign Account Tax Compliance Act (FATCA) is a US tax law aimed at eliminating offshore tax evasion through enhanced customer due diligence and reporting.

FATCA created enormous complexity for organizations operating across multiple jurisdictions to implement processes and systems that met the differing requirements by entity type and jurisdiction. US Withholding Agents (USWA) and Foreign Financial Institutions (FFIs) must have processes in place to collect customer tax documentation, execute required reporting, perform 30% withhold on certain US-sourced payments to noncompliant accounts and counterparties, and in some instances FFIs were required to establish a FATCA Responsible Office (RO) to make compliance certifications.

This is a critical time in the compliance lifecycle to identify weaknesses in the implemented policies, procedures, and system and put remediation plans in place.

Consequence of noncompliance

Organizations that fail to comply with the new FATCA regulations expose themselves to the following risks:

- Significant reputational risk, as failings in a single jurisdiction or business unit may place overall compliance at risk
- Financial risks of underwithholding penalties, particularly for entities operating as USWAs
- Competitive disadvantage of being subject to 30% FATCA withholding and limited ability to do business with compliant financial institutions
- Customer/investor relationship issues stemming from incorrect classification, burdensome documentation procedures and/or withholding

What this means for your organization

Both non-US and US-based financial institutions have invested significant time, effort and resources into FATCA compliance. Actions to evaluate the effectiveness of systems and processes and build the surrounding control and compliance infrastructure are essential next steps in demonstrating compliance to regulators, management and clients. You will need to:

- Effect testing to demonstrate compliance with the regulations and the effectiveness of internal controls
- Identify areas of process weakness and develop programs for ongoing process improvement
- Confirm the compliance of vendors performing essential payment processing, tax reporting, or customer tax withholding functions.

EY’s service offerings

Our teams leverage a deep background in FATCA, risk and controls, and testing to support your organization in evaluating the effectiveness of internal control systems and improve risk and compliance management practices.

Our service offerings are intended to support your organization in any phase of your FATCA program from evaluation of the current state controls, to processes and procedures redesign and remediation.

- Control and compliance infrastructure: Support the development and documentation of the control and compliance infrastructure, including establishing risk and control minimum standards and developing ongoing compliance testing programs to support RO certifications
- FATCA health check: Execution of a point-in-time assessment of the design and operational effectiveness of the processes and systems supporting FATCA compliance
- Third-party testing: Services customized to meet your internal control reporting needs to meet customer requests, commonly referred to as Service Organization Control Reports (SOC)
- Internal audit co-sourcing: Training, education and audit execution through co-source or full outsource
- Beyond FATCA: Beyond FATCA, our teams have the capabilities and tools to extend our assessments and controls designs to the full scope of tax information reporting and withholding requirements including Ch3, Ch61, and CRS

Focus areas of our assessments

Effectiveness of design

- Do the documented procedures, technical specifications, and training support an effective balance between prevention and detection controls?
- Does the design meet both the requirements of FATCA in the respective jurisdiction (GA Model 1, IGA Model 2, Non-IGA) and the established corporate policy and risk profile?

Operational effectiveness

- Were the solutions implemented as intended and are they operating effectively, especially in cases where automation was minimal and heavy reliance was placed on training and education?

Effective ongoing compliance and testing strategy

- Are strategic or tactical approaches in place for providing certifications of compliance on an ongoing basis with sufficient evidence that controls are operating and failures to withhold have been identified timely?

Why EY?

Our teams of cross-functional resources comprise advisory, assurance, and tax resources to bring deep technical knowledge and an approach tailored to your business footprint. Although FATCA is a tax law, it creates complex challenges and impacts processes across the organization requiring specialized knowledge:

- Onboarding and Know Your Customer (KYC)/Anti-Money Laundering (AML)
- Tax reporting, withholding and compliance
- Customer data and document management
- Payment processing
- Information technology processes
- EY’s Tax Form Validator (TFV), a web-based tool that streamlines and provides independent validation of IRS Tax Forms and self certifications

Proprietary tools: EY has developed a proprietary business risk assessment methodology, predefined risk and control frameworks, and scalable audit programs integrated into our risk assessment models across the core components of the compliance infrastructure.

Industry and product knowledge: First and foremost, EY practitioners are banking and capital markets, insurance and asset management professionals with deep practical industry experience implementing FATCA solutions in financial services and executing risk-and-controls-based analysis and testing.

Integrated approaches. Our service teams combine tax, operations, compliance, customer experience and internal audit know-how.
Critical transition for FATCA

The Foreign Account Tax Compliance Act (FATCA) is a US tax law aimed at eliminating offshore tax evasion through enhanced customer due diligence and reporting.

FATCA created enormous complexity for organizations operating across multiple jurisdictions to implement processes and systems that met the differing requirements by entity type and jurisdiction. US Withholding Agents (USWA) and Foreign Financial Institutions (FFIs) must have processes in place to collect customer tax documentation, execute required reporting, perform 30% withhold on certain US-sourced payments to noncompliant accounts and counterparties, and in some instances FFIs were required to establish a FATCA Responsible Office (RO) to make compliance certifications.

This is a critical time in the compliance lifecycle to identify weaknesses in the implemented policies, procedures, and system and put remediation plans in place.

Consequence of noncompliance

Organizations that fail to comply with the new FATCA regulations expose themselves to the following risks:

- Significant reputational risk, as failings in a single jurisdiction or business unit may place overall compliance at risk
- Financial risks of underwithholding penalties, particularly for entities operating as USWAs
- Competitive disadvantage of being subject to 30% FATCA withholding tax and limited ability to do business with compliant financial institutions
- Customer/investor relationship issues stemming from incorrect classification, burdensome documentation procedures and/or withholding

What this means for your organization

Both non-US and US-based financial institutions have invested significant time, effort and resources into FATCA compliance. Actions to evaluate the effectiveness of systems and processes and build the surrounding control and compliance infrastructure are essential next steps in demonstrating compliance to regulators, management and clients. You will need to:

- Effect testing to demonstrate compliance with the regulations and the effectiveness of internal controls
- Identify areas of process weakness and develop programs for ongoing process improvement
- Confirm the compliance of vendors performing essential payment processing, tax reporting, or customer tax withholding functions.

Focus areas of our assessments

Effectiveness of design

- Do the documented procedures, technical specifications, and training support an effective balance between prevention and detection controls?
- Does the design meet both the requirements of FATCA in the respective jurisdiction (IGA Model 1, IGA Model 2, Non-IGA) and the established corporate policy and risk profile?

Operational effectiveness

- Were the solutions implemented as intended and are they operating effectively, especially in cases where automation was minimal and heavy reliance was placed on training and education?

Effective ongoing compliance and testing strategy

- Are strategic or tactical approaches in place for providing certifications of compliance on an ongoing basis with sufficient evidence that controls are operating and failures to withhold have been identified timely?

EY’s service offerings

Our teams leverage a deep background in FATCA, risk and controls, and testing to support your organization in evaluating the effectiveness of internal control systems and improve risk and compliance management practices.

Our service offerings are intended to support your organization in any phase of your FATCA program from evaluation of the current state controls, to processes and procedures redesign and remediation.

- Control and compliance infrastructure: Support the development and documentation of the control and compliance infrastructure, including establishing risk and control minimum standards and developing ongoing compliance testing programs to support RO certifications
- FATCA health check: Execution of a point-in-time assessment of the design and operational effectiveness of the processes and systems supporting FATCA compliance
- Third-party testing: Services customized to meet your internal control reporting needs to meet customer requests, commonly referred to as Service Organization Control Reports (SOC)
- Internal audit co-sourcing: Training, education and audit execution through co-source or full outsource

Beyond FATCA: Beyond FATCA our teams have the capabilities and tools to extend our assessments and controls designs to the full scope of tax information reporting and withholding requirements including Ch3, Ch61, and CRS

Why EY?

Our teams of cross-functional resources comprise advisory, assurance, and tax resources to bring deep technical knowledge and an approach tailored to your business footprint. Although FATCA is a tax law, it creates complex challenges and impacts processes across the organization requiring specialized knowledge:

- Onboarding and Know Your Customer (KYC)/Anti-Money Laundering (AML)
- Tax reporting, withholding and compliance
- Customer data and document management
- Payment processing
- Information technology processes
- EY’s Tax Form Validator (TFV), a web-based tool that streamlines and provides independent validation of IRS Tax Forms and self certifications

Proprietary tools: EY has developed a proprietary business risk assessment methodology, predefined risk and control frameworks, and scalable audit programs integrated into our risk assessment models across the core components of the compliance infrastructure.
The Foreign Account Tax Compliance Act (FATCA) is a US tax law aimed at eliminating offshore tax evasion through enhanced customer due diligence and reporting.

FATCA created enormous complexity for organizations operating across multiple jurisdictions to implement processes and systems that met the differing requirements by entity type and jurisdiction. US Withholding Agents (USWAs) and Foreign Financial Institutions (FFIs) must have processes in place to collect customer tax documentation, execute required reporting, perform 30% withhold on certain US-sourced payments to noncompliant accounts and counterparties, and in some instances FFIs were required to establish a FATCA Responsible Office (RO) to make compliance certifications.

This is a critical time in the compliance lifecycle to identify weaknesses in the implemented policies, procedures, and system and put remediation plans in place.

**Consequence of noncompliance**

Organizations that fail to comply with the new FATCA regulations expose themselves to the following risks:

- Significant reputational risk, as failings in a single jurisdiction or business unit may place overall compliance at risk
- Financial risks of underwithholding penalties, particularly for entities operating as USWAs
- Competitive disadvantage of being subject to 30% FATCA withholding tax and limited ability to do business with compliant financial institutions
- Customer/investor relationship issues stemming from incorrect classification, burdensome documentation procedures and/or withholding

**What this means for your organization**

Both non-US and US-based financial institutions have invested significant time, effort and resources into FATCA compliance. Actions to evaluate the effectiveness of systems and processes and build the surrounding control and compliance infrastructure are essential next steps in demonstrating compliance to regulators, management and clients. You will need to:

- Effect testing to demonstrate compliance with the regulations and the effectiveness of internal controls
- Identify areas of process weakness and develop programs for ongoing process improvement
- Confirm the compliance of vendors performing essential payment processing, tax reporting, or customer tax withholding functions.

**Focus areas of our assessments**

**Effectiveness of design**

- Do the documented procedures, technical specifications, and training support an effective balance between prevention and detection controls?
- Does the design meet both the requirements of FATCA in the respective jurisdiction (US Model 1, US Model 2, Non-US Model) and the established corporate policy and risk profile?

**Operational effectiveness**

- Were the solutions implemented as intended and are they operating effectively, especially in cases where automation was minimal and heavy reliance was placed on training and education?

**Effective ongoing compliance and testing strategy**

- Are strategic or tactical approaches in place for providing certifications of compliance on an ongoing basis with sufficient evidence that controls are operating and failures to withhold have been identified timely?

**Why EY?**

Our teams of cross-functional resources comprise advisory, assurance, and tax resources to bring deep technical knowledge and an approach tailored to your business footprint. Although FATCA is a tax law, it creates complex challenges and impacts processes across the organization requiring specialized knowledge:

- Onboarding and Know Your Customer (KYC)/Anti-Money Laundering (AML)
- Tax reporting, withholding and compliance
- Customer data and document management
- Payment processing
- Information technology processes
- EY’s Tax Form Validator (TFV), a web-based tool that streamlines and provides independent validation of IRS Tax Forms and self certifications

**EY’s service offerings**

Our teams leverage a deep background in FATCA, risk and controls, and testing to support your organization in evaluating the effectiveness of internal control systems and improve risk and compliance management practices.

Our service offerings are intended to support your organization in any phase of your FATCA program from evaluation of the current state controls, to processes and procedures redesign and remediation.

- Control and compliance infrastructure: Support the development and documentation of the control and compliance infrastructure, including establishing risk and control minimum standards and developing ongoing compliance testing programs to support RO certifications
- FATCA health check: Execution of a point-in-time assessment of the design and operational effectiveness of the processes and systems supporting FATCA compliance
- Third party testing: Services customized to meet your internal control reporting needs to meet customer requests, commonly referred to as Service Organization Control Reports (SOC)
- Internal audit co-sourcing: Training, education and audit execution through co-source or full outsourc...

Beyond FATCA, our teams have the capabilities and tools to extend our assessments and controls designs to the full scope of tax information reporting and withholding requirements including Ch3, Ch61, and CRS

**Customer/investor relationship issues stemming from incorrect classification, burdensome documentation procedures and/or withholding**

**Revenue and financial risks of underwithholding penalties, particularly for entities operating as USWAs**

**Control and compliance infrastructure:**

- Effect testing to demonstrate compliance with the regulations and the effectiveness of internal controls
- Identify areas of process weakness and develop programs for ongoing process improvement
- Confirm the compliance of vendors performing essential payment processing, tax reporting, or customer tax withholding functions.

**Beyond FATCA**

Our teams have the capabilities and tools to extend our assessments and controls designs to the full scope of tax information reporting and withholding requirements including Ch3, Ch61, and CRS

**Agree key controls**

EY’s Tax Form Validator (TFV), a web-based tool that streamlines and provides independent validation of IRS Tax Forms and self certifications

**Effectiveness**

**Operational effectiveness**

**Ongoing compliance certification**

**Findings and management action plan**

**Industry and product knowledge:** First and foremost, EY practitioners are banking and capital markets, insurance and asset management professionals with deep practical industry experience implementing FATCA solutions in financial services and executing risk-and-controls-based analysis and testing.

**Proprietary tools:** EY has developed a proprietary business risk assessment methodology, predefined risk and control frameworks, and scalable audit programs integrated into our risk assessment models across the core components of the compliance infrastructure.
EY | Assurance | Tax | Transactions | Advisory

About EY
EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

Ernst & Young LLP is a client-serving member firm of Ernst & Young Global Limited operating in the US.

© 2016 Ernst & Young LLP.
All Rights Reserved.

SCORE No. CK0984
BSC No. 16010-2085514
ED None
ey.com

FATCA control and compliance

Ernst & Young LLP contacts

Neil Bromberg
Advisory Principal
FATCA Advisory Leader
+1 212 773 9011
neil.bromberg@ey.com

Terence Cardew
Tax Partner
FATCA Tax Leader
+1 212 773 3628
terence.cardew@ey.com

Tara Ferris
Tax Principal
+1 212 360 9597
tara.ferris@ey.com

John Staples
Tax Principal
+1 202 327 5662
john.staples@ey.com

Mike Weinberg
Advisory Principal Banking & Capital Markets
+1 212 773 2355
mike.weinberg@ey.com

Justin O’Brien
Tax Principal
Information Reporting
+1 212 773 4767
justin.o'brien@ey.com

Paul Frasco
Advisory Senior Manager Banking & Capital Markets
+1 212 773 9037
paul.frasco@ey.com
EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

About EY

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

Ernst & Young LLP is a client-serving member firm of Ernst & Young Global Limited operating in the US.

© 2016 Ernst & Young LLP.
All Rights Reserved.

SCORE No. CK0984
BSC No. 16010-2085514
ED None

ey.com

Ernst & Young LLP contacts

Neil Bromberg
Advisory Principal
FATCA Advisory Leader
+1 212 773 9011
neil.bromberg@ey.com

Terence Cardew
Tax Partner
FATCA Tax Leader
+1 212 773 3628
terence.cardew@ey.com

Tara Ferris
Tax Principal
+1 212 360 9597
tara.ferris@ey.com

John Staples
Tax Principal
+1 202 327 5662
john.staples@ey.com

Mike Weinberg
Advisory Senior Manager
Banking & Capital Markets
+1 212 773 2355
mike.weinberg@ey.com

Justin O'Brien
Tax Principal
Information Reporting
+1 212 773 4767
justin.obrien@ey.com

Paul Frasco
Advisory Senior Manager
Banking & Capital Markets
+1 212 773 9037
paul.frasco@ey.com