Part III—Administrative, Procedural, and Miscellaneous

Extension of FATCA Transitional Rules for Gross Proceeds, Foreign Passthru Payments, Limited Branches and Limited FFIs, and Sponsored Entities; Modification to Grandfathered Obligation Rule with Respect to Collateral; and Reporting of 2014 Information under a Model 1 IGA

Notice 2015-66

I. PURPOSE

This notice announces that the Department of the Treasury (Treasury) and the Internal Revenue Service (IRS) intend to amend the regulations under chapter 4 (sections 1471-1474) to extend the period of time that certain transitional rules will apply. Specifically, the amendments will extend: (1) the date for when withholding on gross proceeds and foreign passthru payments will begin; (2) the use of limited branches and limited foreign financial institutions (limited FFIs); and (3) the deadline for a sponsoring entity to register its sponsored entities and redocument such entities with withholding agents. In addition, in order to reduce compliance burdens on withholding agents that hold collateral as a secured party, this notice announces that Treasury and the IRS intend to amend the regulations under chapter 4 to modify the rules for grandfathered obligations with respect to collateral.

The transitional rules provided in this notice are intended to facilitate an orderly transition for withholding agents and FFIs regarding FATCA compliance and respond to

comments regarding how the phase-out of transitional rules may affect information reporting and withholding systems. In light of these comments and the successful engagement of Treasury and partner jurisdictions to conclude intergovernmental agreements to implement FATCA (IGAs), this notice provides additional time for withholding agents and FFIs to modify their systems in stages as necessary to address the phase-out of the above-mentioned transitional rules consistent with the information reporting and compliance objectives of FATCA.

Finally, this notice also provides information on the exchange of information by Model 1 IGA jurisdictions with respect to 2014.

II. BACKGROUND

A. The Final and Temporary Chapter 4 Regulations

1. Withholdable Payments

On March 18, 2010, the Hiring Incentives to Restore Employment Act of 2010, Pub. L. 111-147 (H.R. 2847), added chapter 4 to Subtitle A of the Code (sections 1471 – 1474 (commonly known as "FATCA")). Chapter 4 generally requires withholding agents to withhold 30 percent on certain payments to a foreign financial institution (FFI) unless the FFI has entered into an agreement (FFI agreement) to obtain status as a participating FFI and to, among other things, report certain information with respect to U.S. accounts. On January 17, 2013, Treasury and the IRS published final regulations under chapter 4 (TD 9610, 78 Fed. Reg. 5873). On February 20, 2014, Treasury and the IRS published temporary regulations under chapter 4 (T.D. 9657, 79 Fed. Reg.

12,812) that clarify and modify certain provisions of the final regulations (the temporary and final regulations, together, the chapter 4 regulations).

The amounts subject to withholding under chapter 4 are "withholdable payments." Under §1.1473-1(a), the term "withholdable payment" generally means any payment of U.S. source fixed or determinable annual or periodical (FDAP) income, and for sales or other dispositions occurring after December 31, 2016, any gross proceeds from the sale or other disposition of any property of a type that can produce interest or dividends that are U.S. source FDAP income. Withholding on withholdable payments of U.S. source FDAP income generally began on July 1, 2014. The transitional rule that provides for gross proceeds withholding after December 31, 2016, allows FFIs and withholding agents to implement FATCA in stages to minimize burdens consistent with ensuring that the information reporting objectives of FATCA are met and maintained.

Several transitional rules exist with respect to withholding under chapter 4 on withholdable payments of U.S. source FDAP income.

Under a transitional rule in §1.1473-1(a)(4)(vi), a payment made on or before December 31, 2016, with respect to an "offshore obligation" is not treated as a withholdable payment if the payment is made by a person that is not acting as an intermediary (including a qualified securities lender and excluding any insurance broker with respect to premiums), withholding foreign partnership, or withholding foreign trust with respect to the payment.

Under §1.1471-2(b), a withholdable payment does not include a payment made under a "grandfathered obligation." A grandfathered obligation includes any obligation,

as defined in §1.1471-2(b)(2)(ii), outstanding on July 1, 2014. Under §1.1471-2(b)(2)(i)(A)(3), a grandfathered obligation also includes an agreement requiring a secured party to make a payment with respect to collateral posted to secure a grandfathered obligation. If collateral secures both grandfathered and non-grandfathered obligations, the collateral posted to secure the grandfathered obligations must be determined by allocating, pro rata by value, the collateral to all outstanding obligations secured by the collateral (the pro rata rule).

Furthermore, under a transitional rule in §1.1473-1(a)(4)(vii), a payment made on or before December 31, 2016, by a secured party, or to a secured party other than a nonparticipating FFI, with respect to collateral securing one or more transactions under a collateral arrangement is not treated as a withholdable payment, provided that only a commercially reasonable amount of collateral is held by the secured party (or by a third party for the benefit of the secured party) as part of the collateral arrangement.

2. Foreign Passthru Payments

Chapter 4 provides that, in order for an FFI to obtain the status of a participating FFI, it must agree to all the requirements of being a participating FFI, including withholding on passthru payments made to recalcitrant account holders and nonparticipating FFIs. See section 1471(b)(1)(D)(i). A passthru payment is defined in the regulations to mean a withholdable payment and any foreign passthru payment. The chapter 4 regulations reserve on the definition of the term “foreign passthru payment.” See §1.1471-5(h)(2). A transitional rule in §1.1471-4(b)(4) provides that a participating FFI is not required to withhold tax on a foreign passthru payment made to a

recalcitrant account holder or a nonparticipating FFI before the later of January 1, 2017, or the date of publication in the Federal Register of final regulations defining foreign passthru payment.

3. Limited Branches and Limited FFIs

In order for an FFI that is a member of an expanded affiliated group (EAG) to obtain the status of a participating FFI or registered deemed-compliant FFI, §1.1471-4(a)(4) requires that each FFI that is a member of the EAG have the chapter 4 status of a participating FFI, deemed-compliant FFI, or exempt beneficial owner. The final regulations include two transitional rules to provide limited relief to FFIs with branches or affiliates that are located in jurisdictions whose laws prohibit such branches or affiliates from complying with an FFI agreement. These transitional rules are intended to provide jurisdictions additional time to enter into an IGA with the United States or to modify their domestic laws to allow FFIs not covered by an IGA to be able to comply with the terms of the FFI agreement.

Under the transitional rule for a "limited branch," an FFI that otherwise satisfies the requirements for participating FFI status can become a participating FFI, notwithstanding that one or more branches cannot satisfy the requirements of a participating FFI, provided that all noncompliant branches satisfy the conditions for limited branch status and the FFI meets the other requirements described in §1.1471-4(e)(2)(i). Under the transitional rule for a "limited FFI," an FFI can become either a participating FFI or a registered deemed-compliant FFI, notwithstanding that one or more other FFIs in its EAG cannot comply with all of the requirements of a participating

FFI, provided that any such noncompliant FFIs meet the definition of a "limited FFI" under §1.1471-4(e)(3). Under §§1.1471-4(e)(2)(v) and (3)(iv), limited branch and limited FFI statuses will be unavailable after December 31, 2015.

4. Sponsored Entity GIINs

Under section 1471, a withholding agent is not generally required to withhold on payments to an FFI that is deemed to comply with the requirements of section 1471(b) (a deemed-compliant FFI). The chapter 4 regulations provide that a registered deemed-compliant FFI includes an FFI that satisfies the requirements of §1.1471-5(f)(1)(i)(F)(1) or (2) to qualify as either a sponsored investment entity or a sponsored controlled foreign corporation (a sponsored registered deemed-compliant FFI). A sponsoring entity of a sponsored registered deemed-compliant FFI must agree to perform, on behalf of the FFI, all due diligence, withholding, reporting, and other requirements that the FFI would have been required to perform if it were a participating FFI. A sponsoring entity must register with the IRS as a sponsoring entity and must also register the sponsored registered deemed-compliant FFI by the later of January 1, 2016, or the date that the FFI identifies itself as qualifying as a registered deemed-compliant FFI under §1.1471-5(f)(1)(i)(F)(1) or (2). The chapter 4 regulations include a transitional due diligence rule providing that for payments prior to January 1, 2016, a withholding agent may rely on a withholding certificate provided by a sponsored registered deemed-compliant FFI that includes only the GIIN of the FFI's sponsoring entity. See §1.1471-3(e)(3)(iv)(B) (cross-referenced in §1.1471-3(d)(4)(i)) for additional due diligence requirements that apply in such cases.

Under Article IV(B)(3)(c) of Annex II of the Model 1 IGA, if the sponsoring entity of a sponsored investment entity or sponsored controlled foreign corporation identifies any U.S. reportable accounts, the sponsoring entity must register the sponsored entity with the IRS on or before the later of December 31, 2015, and the date that is 90 days after such account is first identified. Under Article IV(B)(3)(c) of Annex II of the Model 2 IGA, the sponsoring entity must register the sponsored entity prior to December 31, 2015.

Under section 1472, a withholding agent generally is required to withhold on payments to a nonfinancial foreign entity (NFFE) unless the NFFE provides the withholding agent with certain information identifying the NFFE's substantial U.S. owners (or a certification that the NFFE does not have any such owners), and the withholding agent reports such information to the IRS. The final regulations except withholding agents from withholding or reporting under section 1472 with respect to payments beneficially owned by entities qualifying as excepted NFFEs. The temporary regulations issued under chapter 4 add direct reporting NFFEs as a class of excepted NFFEs. A direct reporting NFFE is an NFFE that elects to report information about its substantial U.S. owners directly to the IRS (rather than to its withholding agent) and that meets the requirements of §1.1472-1(c)(3). A direct reporting NFFE must register with the IRS and obtain a GIIN.

A direct reporting NFFE may elect to be treated as a sponsored direct reporting NFFE if another entity, other than a nonparticipating FFI, agrees to act as its sponsoring entity for performing all of the due diligence, reporting, and other requirements that the NFFE would have been required to perform as a direct reporting NFFE. A sponsoring

entity of a sponsored direct reporting NFFE must register with the IRS as a sponsoring entity and must register the NFFE. The temporary regulations include a transitional due diligence rule for payments prior to January 1, 2016, that allows a withholding agent to rely on a withholding certificate provided by a sponsored direct reporting NFFE that includes only the GIIN of the NFFE's sponsoring entity. See §1.1471-3(e)(3)(iv)(B) for additional due diligence requirements that apply in such cases.

B. IGAs

During 2012, Treasury released the Model 1 IGA and the Model 2 IGA to facilitate the implementation of FATCA and to address foreign legal impediments that otherwise would limit an FFI's ability to comply with FATCA. On April 2, 2014, Treasury and the IRS published Announcement 2014-17 (2014-18 I.R.B. 1001), providing that jurisdictions treated as having an IGA in effect would include jurisdictions that, before July 1, 2014, reached agreements in substance with the United States on the terms of an IGA and consented to be included on the list of such jurisdictions, in addition to jurisdictions that had already signed IGAs. An FFI that is resident in, or organized under the laws of, a jurisdiction that is treated as having an IGA in effect is permitted to register on the FATCA registration website and to certify to a withholding agent its status as an FFI covered by an IGA. On December 1, 2014, Treasury and the IRS published Announcement 2014-38 (2014-51 I.R.B. 951), providing that certain jurisdictions that reached an agreement in substance after June 30, 2014, and before November 30, 2014, also would be treated as having an IGA in effect. Furthermore, Announcement 2014-38 provided that jurisdictions that are treated as if they have an

IGA in effect would retain such status, provided that the jurisdiction continues to demonstrate firm resolve to sign the IGA as soon as possible.

As of the publication of this notice, 112 jurisdictions are treated as having an IGA in effect. A complete list can be found on Treasury's website, available at http://www.treasury.gov/resource-center/tax-policy/treaties/Pages/FATCA.aspx.

1. Treatment of Limited Branches and Limited FFIs under IGAs

Article 4(5) of the Model 1 IGA and Article 3(5) of the Model 2 IGA generally provide that, in order for an FFI resident in or organized under the laws of the partner jurisdiction to be compliant with the IGA and be treated as a participating FFI, deemed-compliant FFI, or exempt beneficial owner, as appropriate, all of the FFI's related entities or branches must be FATCA-compliant. However, the Model 1 and Model 2 IGAs also provide that if a resident FFI has a related entity or branch that operates in a jurisdiction that prevents such entity or branch from complying with FATCA, or the FFI has a related entity or branch that is treated as a nonparticipating FFI solely due to the expiration of the transitional rule for limited FFIs and limited branches under the chapter 4 regulations, such FFI shall continue to be in compliance with the IGA and be treated as a participating FFI, deemed-compliant FFI, or exempt beneficial owner, as appropriate, if the conditions described in subparagraphs (a) through (c) of Article 4(5) of the Model 1 IGA or Article 3(5) of the Model 2 IGA are satisfied.

2. Exchange of 2014 Information under a Model 1 IGA

There are two versions of the Model 1 IGA. A Model 1A IGA provides for reciprocal information exchange between the United States and the partner jurisdiction. The obligation to exchange information generally begins after the IGA enters into force under Article 10(1) of the IGA and the competent authorities provide notification that each is satisfied that the other jurisdiction has in place the necessary safeguards to ensure that the information received will remain confidential and be used solely for tax purposes and the infrastructure necessary for an effective exchange relationship. See Articles 3(8) and 3(9) of the Model 1A IGA.

A Model 1B IGA provides for information to be exchanged only by the partner jurisdiction. Under a Model 1B IGA, the obligation for a partner jurisdiction to exchange information with the United States begins when the IGA enters into force under Article 10(1) or Article 12(1) (as applicable) of the IGA.

Once an IGA has entered into force and any relevant notifications described above for the Model 1A IGA have been provided, Article 2 of both versions of the Model 1 IGA requires the partner jurisdiction to obtain and exchange specified information with respect to each U.S. reportable account. Under Article 3(5) of the Model 1 IGA, the partner jurisdiction is obligated to obtain and exchange information within nine months after the end of the calendar year to which the information relates. In the case of information required to be obtained and exchanged with respect to 2014 pursuant to a Model 1 IGA that is in force, the 2014 information should be exchanged by the partner jurisdiction by September 30, 2015.

III. EXTENSION OF DATES FOR WHEN WITHHOLDING BEGINS FOR PAYMENTS OF GROSS PROCEEDS AND PASSTHRU PAYMENTS

Many U.S. and foreign financial institutions, foreign governments, Treasury, the IRS, and other stakeholders have devoted resources to implementing FATCA withholding on withholdable payments, which (subject to certain exceptions) began on July 1, 2014, as well as for the first U.S. account reporting under FATCA, which was due for certain FFIs starting in March 2015. At the same time, 112 jurisdictions are now treated as if they have an IGA in effect, which allows for the information reporting goals of FATCA to be satisfied for FFIs covered by such IGAs. In order to continue to facilitate an orderly phase-in of FATCA withholding, Treasury and the IRS intend to amend the chapter 4 regulations under section 1473 to extend the start date of gross proceeds withholding by providing that the definition of the term withholdable payment means any payment of U.S. source FDAP income, and for sales or other dispositions occurring after December 31, 2018, any gross proceeds from the sale or other disposition of any property of a type that can produce interest or dividends that are U.S. source FDAP income. Additionally, Treasury and the IRS intend to amend the regulations under section 1471 to extend the start date of withholding on foreign passthru payments to provide that a participating FFI is not required to withhold tax on a foreign passthru payment made to a recalcitrant account holder or a nonparticipating FFI before the later of January 1, 2019, or the date of publication in the Federal Register of final regulations defining the term foreign passthru payment.

IV. EXTENSION OF LIMITED BRANCH AND LIMITED FFI STATUSES

Currently, 112 jurisdictions are treated as if they have an IGA in effect, which highlights the overwhelming support of FATCA partner jurisdictions in implementing the information reporting goals of FATCA. FFIs and other stakeholders continue to express strong support for IGAs as a way to facilitate effective and efficient FATCA implementation while avoiding conflicts with local law.

While Treasury remains open to entering into IGA discussions based on the published models, there may be jurisdictions that have not been able or willing to agree to an IGA and that continue to impose legal restrictions that prevent FFIs resident or organized there, or branches located there, from complying with the terms of an FFI agreement. If an FFI that is not covered by an IGA has a branch located in, or an FFI affiliate subject to the laws of, a jurisdiction that prohibits compliance with the terms of an FFI agreement, that FFI will no longer be able to obtain or maintain status as a participating or deemed-compliant FFI once limited branch and limited FFI status expire.

To provide FFIs and other stakeholders additional time to determine whether to continue operating in jurisdictions where limited branches or limited FFIs exist, Treasury and the IRS intend to amend the regulations under section 1471 to provide that the availability of limited branch and limited FFI statuses will terminate on January 1, 2017. A limited FFI or limited branch that becomes able to comply with the terms of the FFI agreement or becomes a participating FFI or deemed-compliant FFI pursuant to an applicable IGA should amend its registration to reflect its modified status. FFIs that continue to operate after December 31, 2016, in jurisdictions where they cannot comply

with the terms of an FFI agreement due to local law will jeopardize the chapter 4 status of participating FFIs and registered deemed-compliant FFIs (other than FFIs covered by an IGA) in the group. Branches that continue to operate after December 31, 2016, in jurisdictions where they cannot comply with the terms of an FFI agreement due to local law will jeopardize the participating FFI status of the FFI of which the branch is part (as well as jeopardize any branches of the FFI that have participating FFI status under the FFI agreement), subject to the terms of an applicable IGA.

After December 31, 2015, all limited FFI and limited branch registrations will be placed in "registration incomplete" status on their online FATCA account. Limited FFIs and limited branches that seek to continue such status during the 2016 calendar year will be required to edit and resubmit their registrations after December 31, 2015, on the FATCA registration website.

V. EXTENSION OF TIME TO REGISTER SPONSORED ENTITIES AND EXTENSION OF RELIANCE ON SPONSORING ENTITY GIINS

As previewed in Notice 2013-69 (2013-46 I.R.B. 503), the IRS is developing a streamlined process for sponsoring entities to register their sponsored entities on the FATCA registration website. The IRS anticipates that this registration process will be available in the coming months and intends to update the FATCA registration user guide to include this process. In order to provide sufficient time for sponsored entity registration, Treasury and the IRS intend to amend the regulations under sections 1471 and 1472 to provide that sponsoring entities must register their sponsored registered deemed-compliant FFIs and sponsored direct reporting NFFEs by January 1, 2017.

Beginning on such date, sponsoring entities must use the GIIN of the sponsored entity when reporting with respect to the sponsored entity on Form 8966 (FATCA Report) and must provide the GIIN to withholding agents making payments to the sponsored entity.

Sponsored investment entities and sponsored controlled foreign corporations covered by Annex II of a Model 1 IGA will maintain their deemed-compliant status as long as they are registered by the sponsoring entity on or before the later of December 31, 2016, and the date that is 90 days after a U.S. reportable account is first identified. Sponsored investment entities and sponsored controlled foreign corporations covered by Annex II of a Model 2 IGA will maintain their deemed-compliant status as long as they are registered by the sponsoring entity on or before December 31, 2016.

In addition, Treasury and the IRS intend to amend the regulations under section 1471 to provide that withholding agents can continue to rely on withholding certificates from sponsored registered deemed-compliant FFIs and sponsored direct reporting NFFEs that have only the sponsoring entity's GIIN for payments made prior to January 1, 2017. For a payment made on or after January 1, 2017, a withholding agent will be required to obtain the GIIN of a payee that is a sponsored registered deemed-compliant FFI or a sponsored direct reporting NFFE by obtaining either: (1) a withholding certificate from the payee that includes its GIIN, or (2) if the withholding agent already has on file a withholding certificate for the payee that includes the GIIN of the sponsoring entity, oral or written confirmation of the payee's GIIN (such as by e-mail). If a withholding agent obtains oral or written confirmation of the payee's GIIN, it will be required to retain a record of such information, which will become part of the withholding certificate. Whether the withholding agent receives the GIIN through a new withholding

certificate, or by oral or written confirmation, the withholding agent will have 90 days from the date it obtains the GIIN to verify its accuracy against the published IRS FFI list. Because withholding agents will be required to obtain the GIIN of each sponsored entity for payments made after December 31, 2016, sponsoring entities should consider registering to obtain GIINs well in advance of January 1, 2017, in order to give withholding agents sufficient time to complete this requirement (and thereby avoid being withheld upon).

VI. TREATMENT OF COLLATERAL UNDER THE GRANDFATHERED OBLIGATION RULE

A. Modifications to Pro Rata Rule for Pooled Collateral

Treasury and the IRS have received comments stating that it would be burdensome for financial institutions to comply with the pro rata rule described in §1.1471-2(b)(2)(i)(A)(3) for collateral that secures both grandfathered obligations and obligations that are not grandfathered. Commenters have stated that they would prefer to treat any collateral that secures both grandfathered obligations and obligations that are not grandfathered as posted to secure only obligations that are not grandfathered, rather than applying the pro rata rule, and accordingly to withhold on all payments made with respect to the collateral.

Treasury and the IRS agree that, in order to ease administrative burdens when collateral secures both grandfathered obligations and obligations that are not grandfathered, the secured party should be permitted either to withhold on all collateral or to apply the pro rata approach with respect to such collateral. Therefore, Treasury

and the IRS intend to amend §1.1471-2(b)(2)(i)(A)(3) to provide that the pro rata rule is not mandatory.

B. Substitute Payments Made with Respect to a Grandfathered Obligation

The chapter 4 regulations treat obligations that are outstanding on July 1, 2014, as grandfathered obligations. If, after July 1, 2014, a payee pledges a grandfathered obligation as collateral, and the secured party acts as an intermediary for payments made under the grandfathered obligation that is posted as collateral, then payments made by the secured party to the payee with respect to such collateral remain covered by the grandfathered obligation rule and are not treated as withholdable payments. Commenters have noted, however, that the definition of a grandfathered obligation does not include an obligation that is created as a result of the posting of collateral that is itself a grandfathered obligation. As a result, to the extent that a secured party is treated as the beneficial owner of collateral that is a grandfathered obligation, payments made by the secured party would not be payments made under a grandfathered obligation, but would instead be substitute payments made under a newly created obligation that is not covered by the grandfathered obligation rule. Commenters have noted that without a rule to cover these substitute payments, it would be difficult to determine the proper treatment of collateral that is itself a grandfathered obligation, as collateral is frequently rehypothecated and the secured party cannot readily determine which collateral was rehypothecated (giving rise to substitute payments to the payee) and which collateral has been retained.

In balancing the benefits and burdens of the information reporting and withholding rules under FATCA, Treasury and the IRS agree that a substitute payment made with respect to a grandfathered obligation that has been posted as collateral should also be treated as a payment made under a grandfathered obligation, and therefore not subject to withholding under section 1471 or section 1472. Therefore, Treasury and the IRS intend to amend the definition of grandfathered obligation in §1.1471-2(b)(2)(i)(A) to include any obligation that gives rise to substitute payments and that is created as a result of the payee posting collateral that is otherwise treated as a grandfathered obligation under §1.1471-2(b)(2)(i)(A)(1).

VII. TIMING OF EXCHANGE OF 2014 INFORMATION UNDER A MODEL 1 IGA

A. Model 1 IGAs for which the Obligation to Exchange Has Not Taken Effect

Many partner jurisdictions that have signed IGAs or reached an agreement in substance on the text of an IGA continue to work through their internal procedures to bring the IGA into force. Pursuant to its authority under section 1471(b)(2)(B), and consistent with Announcement 2014-38, for Model 1 IGAs that have not yet entered into force on September 30, 2015, Treasury intends to continue to treat FFIs covered by the IGA as complying with, and not subject to withholding under, FATCA so long as the partner jurisdiction continues to demonstrate firm resolve to bring the IGA into force and any information that would have been reportable under the IGA on September 30, 2015, is exchanged by September 30, 2016, together with any information that is reportable under the IGA on September 30, 2016.

This policy is consistent with memoranda of understanding (MOUs) that the United States has entered into with certain partner jurisdictions and letters that Treasury has sent to certain other partner jurisdictions. This notice clarifies that this policy applies to all partner jurisdictions that have signed or agreed in substance to a Model 1 IGA, even if such a jurisdiction has not entered into the MOU or received the letter described above. This notice does not affect the timing of when FFIs should report information to a partner jurisdiction, which remains governed by local law.

B. Model 1 IGAs for which the Obligation to Exchange Is in Effect

For Model 1B IGA jurisdictions that have an IGA in force pursuant to Article 10(1) or Article 12(1) (as applicable) of the IGA, and for Model 1A IGA jurisdictions for which the obligation to exchange information has taken effect pursuant to Articles 3(9) and 10(1) of the IGA, Article 3(5) of the IGA requires the partner jurisdiction to exchange information on U.S. reportable accounts with respect to 2014 by September 30, 2015.

Treasury and the IRS understand that partner jurisdictions are continuing to develop and implement the systems needed for automatic information exchange and may not have those systems in place by September 30, 2015. In addition, several partner jurisdictions are in the process of enacting legislation to implement their IGAs, without which they are not able to exchange information with the United States.

Notice 2014-33 (2014-21 I.R.B. 1033) states that calendar years 2014 and 2015 are regarded as a transition period for purposes of IRS enforcement and administration of the due diligence, reporting, and withholding provisions under chapter 4. Consistent with treating 2014 and 2015 as a transition period, Treasury and the IRS will treat FFIs

covered by an IGA as complying with, and not subject to withholding under, FATCA even if the relevant partner jurisdiction has not exchanged 2014 information by September 30, 2015, as long as the partner jurisdiction notifies the U.S. competent authority before September 30, 2015, of the delay and provides assurance that the jurisdiction is making good faith efforts to exchange the information as soon as possible. This notice does not affect the timing of when FFIs should report information to a partner jurisdiction, which remains governed by local law.

VIII. TAXPAYER RELIANCE

Prior to the issuance of the amendments described in sections III, IV, V, and VI of this notice, taxpayers may rely on the provisions of this notice.

IX. DRAFTING INFORMATION

The principal author of this notice is Kamela Nelan of the Office of Associate Chief Counsel (International). For further information regarding this notice, contact Ms. Nelan at (202) 317-6942 (not a toll-free call).