Brandon Hadley Quoted on FATCA Compliance

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FINops Report quoted Transactional Tax Planning partner Brandon Hadley on compliance challenges facing foreign financial institutions (FFIs) and their responsible officers (ROs) under the US Foreign Account Tax Compliance Act (FATCA). FATCA compliance, including account due diligence and reporting is quite complicated for FFIs and ROs. It is quite possible than an RO will need to report errors in its FATCA compliance due to that complexity. Brandon noted, "There is a possibility that the FFI might have might have missed reviewing a few old accounts and tracking down the extra paperwork is difficult because extracting extra information can stress client relationships."

Brandon also cautioned that the IRS' requirement that the RO notify it of any regulatory fines the firm has paid for violating anti-money laundering requirements might be an unexpected portion of the RO's FATCA compliance certification. "The IRS is drawing a connection between problems with onboarding clients to meet AML rules and with onboarding clients to meet FATCA. Any AML violations will automatically raise a red flag with the IRS about the potential lack of compliance with FATCA even if the RO certifies that the firm is FATCA compliant." ("FATCA's Responsible Officers: Grueling Certifications," August 3, 2018)

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