

# FATCA Alert

7 November 2013

## Draft Instructions and new Model IGAs

### Treasury posts new versions of model agreements

November 7: The U.S. Treasury Department has posted revised versions of the FATCA model intergovernmental agreements (IGAs). The revised model IGAs are posted on the Treasury [FATCA webpage](#). The model IGAs are dated November 4, 2013, but show a posting date of November 6, 2013.

### KPMG observation

This is the second time in a four-month period that Treasury has revised the model IGAs (an earlier revision having been made in August 2013). An initial impression of why the model IGAs have been updated is to reflect the guidance for foreign financial institutions provided by the IRS in Notice 2013-69 (released October 29, 2013). Read [TaxNewsFlash-United States: Notice 2013-69 - Text of draft FATCA agreement for use by foreign financial institutions](#).

An obvious change in the model IGAs also reflects language interpreting the “regularly traded exception” that the United States added to the agreements with the Channel Islands

### FATCA - Draft instructions for Form 1042 for 2014

November 7: The IRS posted a draft version (as of November 6, 2013) of the instructions for Form 1042, *Annual Withholding Tax Return for U.S. Source Income of Foreign Persons*.

The Form 1042 [draft instructions](#) [PDF 329 KB] explain that Form 1042 for 2014 has been modified primarily for withholding agents to report payments and amounts withheld under the FATCA provisions (in addition to those payments and amounts withheld and required to be reported under Chapter 3 of the Code).

Form 1042 is used to report tax withheld for FATCA purposes for payments made to entities that are classified as nonparticipating foreign financial institutions, certain passive nonfinancial foreign entities, and “recalcitrant” account holders of participating and

registered deemed-compliant foreign financial institutions.

Form 1042 is also used to report payments reported on Form 1042-S.

The IRS released a [draft Form 1042](#) [PDF 142 KB] for 2014 in April 2013. It has not yet been finalized.