



## FATCA Registration for Non-US Credit Unions

Last Updated: May 13, 2014

The Internal Revenue Service (IRS), the United States tax authority that is a U.S. Treasury Department bureau, is now accepting online registrations from “Foreign Financial Institutions” (FFIs)—including non-US credit unions—for compliance with the US’s Foreign Account Tax Compliance Act (FACTA).

An FFI credit union in general is required to register with the IRS if it is: (a) more than the equivalent of US\$ 175 million in assets (as of December 31<sup>st</sup> of the prior year); or (b) is in a jurisdiction that has entered into a FATCA Intergovernmental Agreement (IGA) with the United States even if it has less than the equivalent of US\$ 175 million in assets (as of December 31<sup>st</sup> of the prior year). Please see below for more details.

FATCA takes effect beginning July 1, 2014, although credit unions in jurisdictions that have entered into “Model 1” IGAs with the United States are given an additional six (6) months to register. On May 3, 2014, however, the IRS announced in [Notice 2014-33](#) that the years 2014 and 2015 will be “transitional” periods during which the agency will forebear on FATCA compliance issues if institutions appear to be making a good faith effort to comply. We suggest that your credit union register with the IRS as soon as possible in order to demonstrate good faith.

1. **Credit unions in IGA “Model 1” jurisdictions MUST register with IRS as “Registered Deemed-Compliant Foreign Financial Institutions” using the IRS’s Online System:** Credit unions located in jurisdiction that have entered into Model 1 IGAs i.e. (“IGA jurisdictions”) with the United States must register with the IRS and receive a Global Intermediary Identification Number (GIIN) even though they are not subject to the IRS FATCA regulation. Instead these credit unions will comply with a local FATCA compliance rulebook developed by the local jurisdiction’s authorities and report to local authorities. You can register with the IRS [here](#). More details on credit unions in Model 1 IGA jurisdictions are below.
2. **Credit Unions in non-IGA jurisdictions with more than US\$ 175 million in assets MUST register with IRS using its online system:** Credit union with more than US\$ 175 million in assets (as of December 31<sup>st</sup> of the prior year) generally in general meet the IRS’s “Local FFI” definition (see below for more details) and must register with the IRS using an online registration system if they (measured as of December 31<sup>st</sup> of the previous year). Credit unions that register with the IRS will receive a GIIN and the credit union can supply this GIIN to counterparties in order to provide that it is FATCA compliant. You can register with the IRS [here](#). More details on credit unions meeting this “Local FFI” definition can be found below.
3. **Credit unions in non-IGA jurisdictions with less than US\$ 175 million in assets are NOT required to register but can choose to register anyway for convenience:** Credit union in jurisdictions which have not entered into an IGA (i.e. “non-IGA jurisdiction”) with the United States but have less than US\$ 175 million in assets (as of December 31<sup>st</sup> of



the prior year) are not generally required to register with the IRS or receive a GIIN because they generally meet the definition of a “non-registering local bank” (see below for more details). Credit unions in non-IGA jurisdictions that have less than US\$ 175 million in assets, however, may find it beneficial to register anyway if their counterparties (such as correspondent banks or insurance companies) frequently request a GIIN or other proof of FATCA compliance, even though registration is not technically required. Although not required, you can register with the IRS [here](#). More details on credit unions meeting this “non-registering local bank” definition can be found below.

## **Important Note on Using the IRS’s FATCA Registration System to Get a GIIN**

In order to register with the IRS and obtain a GIIN, a credit union must first obtain a “FATCA ID” that it can use to set up the online account. The “FATCA ID” is a login credential for using the IRS’s website, not the GIIN.

A credit union obtains a FATCA ID by choosing the “create account option” on the IRS’s FATCA login page by choosing the “Register Now” button on the right hand side of [this page](#), which takes you directly [here](#).

In order to create an account and get the FATCA ID registration credential, a credit union must check the box asserting that “I declare that I have been authorized by the FI to create a registration account on their behalf.”

More details are included in the [IRS’s FATCA registration “User Guide.”](#) Currently this user guide is only available in English. Please also see the end of this summary for links to videos that demonstrate how to use the IRS’s registration system.

## **Detailed Information on FATCA Registration Requirements**

### **1. Credit unions in IGA “Model 1” jurisdictions MUST register with IRS as “Registered Deemed-Compliant Foreign Financial Institutions” using the IRS’s Online System**

Credit unions in IGA jurisdictions must register with the IRA even though they comply with a locally developed FATCA rulebook instead of the IRS FATCA regulation. Other than the registration with IRS, these credit unions’ compliance with FATCA in theory should be based on their existing customer due diligence (CDD) rules under the jurisdiction’s anti-money laundering/countering of the financing of terrorism (AML/CFI) regime. Credit unions in IGA jurisdictions are given an extra six (6) months to complete FATCA registration, or until December 31, 2014.

This summary does not address FATCA compliance in IGA jurisdictions (where the rules vary from jurisdiction-to-jurisdiction) other than with respect to IRS registration for a GIIN. If your credit union is located in an IGA jurisdiction you should contact your local credit union association, league, federation, or central credit union for compliance information.



On April 2, 2014, the US Treasury Department [announced](#) that it would treat a jurisdiction as an “IGA jurisdiction” if the Treasury and the local jurisdiction have reached an agreement in principle to do an IGA, even if the IGA is not yet signed.

The US Treasury’s current list of IGA jurisdictions can be accessed [here](#). Credit unions in IGA jurisdictions can register with the IRS at this URL: <https://sa2.www4.irs.gov/fatca-rup/>  
With instructions on this page: <http://www.irs.gov/Businesses/Corporations/FATCA-Registration>

## **2. Credit Unions in non-IGA jurisdictions with more than US\$ 175 million in assets MUST register with IRS using its online system**

**Local FFIs:** If a credit union has more than the equivalent of US\$ 175 million in assets (as of December 31<sup>st</sup> of the prior year) but only operates in on jurisdiction, has 98% of the value of their shares/deposits from local residents or citizens (even if the local citizens lives abroad), and meets other requirements detailed below, it likely meets the “Local FFI” partial exemption.

“Local FFIs” are a type of “Registered Deemed Compliant FFI,” and are required to register with the IRS, get a GIIN, and adopt policies concerning U.S. citizens who are not residents of the local jurisdiction. Local FFIs, however, are not required to engage in full reporting to the IRS regarding U.S. citizens would FFIs that operate in more than one jurisdiction or solicit business from U.S. residents.

As noted above, Local FFI credit unions can register with the IRS at this URL:

<https://sa2.www4.irs.gov/fatca-rup/>

With instructions on this page: <http://www.irs.gov/Businesses/Corporations/FATCA-Registration>

In order to meet the “Local FFI” exemption, the credit union must meet all of the following requirements:

1. The credit union needs to have 98% of its shares/deposits from people who are either: (a) residents of the jurisdiction (including US citizens); or (b) non-resident citizens of the jurisdiction (i.e. expatriate citizens of the jurisdiction living overseas are treated the same as if they were residents);
2. Only have offices in one jurisdiction; and
3. No one member can have more than 5% of the credit union’s shares;
4. It cannot advertise in a way intended to attract US citizens who are not residents of the jurisdiction; and
5. It has to agree to put in place a policy to: (i) not allow US citizens who are not residents to join the CU; (ii) allow US citizens who are local residents to join the CU; and (iii) have a way to track if a US citizen who is resident of the jurisdiction moves away and is no longer a resident.

A credit union may also be required to recertify that it meets the “Local FFI” exemption every 3 years.



### **3. Credit unions in non-IGA jurisdictions with less than US\$ 175 million in assets are NOT required to register but can choose to register for convenience**

**Non-Registering Local Bank Exemption:** If the credit union is less than the equivalent of US\$ 175 million in assets (as of December 31<sup>st</sup> of the prior year) and only has offices in one jurisdiction, it likely meets the definition of a “non-registering local bank” which would be a type of “Deemed Compliant FFI” and the credit union would not be required to register with the US Internal Revenue Service (IRS) to get a GIIN. To meet this exemption, the credit union must also:

1. Not have any one member who holds more than 5% of the credit union’s shares;
2. It cannot advertise in a way intended to attract US citizens who are not residents of the jurisdiction; and
3. It has to agree to put in place a policy to: (i) not allow US citizens who are not residents to join the CU; (ii) allow US citizens who are local residents to join the CU; and (iii) have a way to track if a US citizen who is resident of the jurisdiction moves away and is no longer a resident.

Even though a “non-registering local bank” credit union is not required to register with the IRS, the credit union may find it more convenient to register with the IRS if its counterparties want a GIIN.

As noted above, if a credit union in a non-IGA jurisdiction that meets the “non-registering local bank” definition chooses to register for a GIIN for convenience (even though registration is not required) the credit union can register with the IRS at this URL: <https://sa2.www4.irs.gov/fatca-rup/> With instructions on this page: <http://www.irs.gov/Businesses/Corporations/FATCA-Registration>

*Videos demonstrating how to use the IRS’s FATCA GIIN registration website:*

[Creating a FATCA account for online registration](#)

[Logging into a FATCA Account](#)

[Recovering a FATCA ID or resetting a FATCA Access Code](#)

[Registration System Common Features and Navigation](#)

[FAYCA Registration Part 1-How to Enter Financial Institution Information](#)

[FATCA Registration Part 2-Lead Financial Institution: Enter Member Information](#)

[FATCA Registration Part 3-Lead Financial Institution: How to Enter Q1/WP/WT Renewal Information](#)

[Lead Financial Institution: How to Manage Member Information](#)

[Financial Institutions: Your Homepage Information and Options](#)



[FATCA Registration Part 4: How to Submit Registration](#)