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Would Carlos Slim Trim FATCA? Fat Chance

We know that [Carlos Slim Helú](#), now the world's richest man, [doesn't agree](#) with the [Buffett Rule](#), but will he embrace FATCA? The Foreign Account Tax Compliance Act ([FATCA](#)) is about disclosure and transparency. In part, though, it is designed to catch Americans trying to stash assets overseas. Controversially, it enlists the aid of foreign financial institutions (FFIs) to do it, requiring them to identify their U.S. account holders, name names and even to withhold when Americans don't fess up.



Image via cnnexpansion

In concept, that's been a tough sell internationally. Foreign institutions, foreign governments, and large numbers of U.S. persons have taken some umbrage. There were even some [early signs](#) that FATCA might fail, falling prey to its own obesity.

But these days, [FATCA](#) is looking fat and happy. In fact, it got a big boost from the announcement that France, Germany, Italy, Spain and the U.K. were on board. See [5 Nations Join U.S. in Tax Evasion Crackdown](#). Nicely timed, that news was accompanied by nearly 400 pages of [proposed regulations](#). See [Treasury, IRS Issue Proposed Regulations for FATCA Implementation](#).

These regulations aren't technically effective until finalized, but they soften at least some parts of how this massive effort is likely to play out across the world.

Grandfathering. They exclude many obligations outstanding on January 1, 2013.

What's a "Financial Account"? The proposed regulations would refine the definition of financial accounts to focus on traditional bank, brokerage, money market accounts, and interests in investment vehicles.

Latitude for Legal Prohibitions. One of the major stumbling blocks to FATCA is legal conflicts, where FATCA *required* you to disclose but your own country *prohibited it!* A two-year transition (until January 1, 2016) would allow implementation of these rules.

"Deemed-Compliant" FFIs. FFIs allow a reprieve with deemed compliance rules. For preexisting individual accounts:

- Manual review of paper records is limited to accounts over \$1 million; and
- Accounts of \$50,000 or less are excluded.

For preexisting entity accounts:

- Accounts of \$250,000 or less are excluded; and
- Much of the due diligence for anti-money laundering and "know your customer" rules counts, plus simplified procedures to identify the FATCA status of preexisting entity accounts.

New Accounts. FFIs will be able to use their existing customer intake procedures, including the usual data collected at customer intake.

Certifying Compliance. Responsible officers of FFIs may be able to simply certify they comply with FATCA. Third-party audits would not be mandated. As long as the FFI complies with an FFI agreement, it would not be held strictly liable if it fails to identify a U.S. account.

Reporting Transition. Reporting on income is to be phased in beginning in 2016. Reporting on gross proceeds is to begin in 2017.

Passthru Payments. The proposed regulations would provide that withholding is not required with respect to foreign passthru payments before January 1, 2017. Until withholding applies, to reduce incentives for nonparticipating FFIs to use participating FFIs to block the application of the FATCA rules, the proposed regulations would require participating FFIs to report annually to IRS the aggregate amount of certain payments made to each nonparticipating FFI.

For more, see:

[FATCA Makes Banks Shut Out Americans](#)

[Will IRS Get Fat Off FATCA?](#)

[Are Expats Derailing The FATCA Express?](#)

[Happy FATCA Filing Season](#)

[IRS Exempts Many Expats From FATCA](#)

[FBAR And FATCA Haters Unite](#)

[FACTA Further Erodes Taxpayer Protections Afforded By The Statute Of Limitations](#)

[IRS Criminal Investigations On Rise](#)

[Please Sir, Can I Have Some More FATCA?](#)

[Stripping FATCA From Our Diet](#)

[Tony Blair Is Britain's Buffett As Top 50% Tax Rate Teeters](#)

[A Jeremy Lin Tax? Yup, and Better Than Buffett's](#)

[Buffett's Tax Buffet Is No Smorgasbord](#)

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