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**Subject: Need for extension of deadline of Limited Foreign Financial Institution status**

Dear Sirs,

I am writing to you as Chief Executive of the European Banking Federation (EBF) which is the voice of European banks.

As you know FATCA generally requires that foreign financial institutions (FFI) that are members of an expanded affiliated group (EAG) to register as FATCA-compliant (either as participating FFI or registered deemed-compliant FFI) on the IRS portal. In the event one member of an EAG is non-compliant, the entire group cannot comply with FATCA and all of the FFIs in the group would face a 30 percent withholding tax on U.S.-source income and the proceeds of U.S. securities sales.

For a transitional period to 31 December 2015, a financial institution that is unable to comply with FATCA because it is located in a jurisdiction where there are, in the absence of an Intergovernmental Agreement (IGA), legal barriers to FATCA processes may instead agree to comply with the conditions of a Limited FFI/Limited branch. It has in that case to register as Limited FFI on the IRS portal and will be subject to FATCA withholding penalties without affecting the compliant status of other EAG members. The Limited FFI status as set out in the U.S. FATCA Treasury Regulations is nevertheless due to expire after 31 December 2015. By contrast, under an IGA, there is effectively no specified deadline for Limited FFI status.

Financial institutions in IGA countries are therefore not affected by the expiration of Limited FFI status of their EAG entities after 31 December 2015 under the FATCA regulations, provided that the conditions of Non-participating Financial Institution status stated in the IGA are complied with.

Many European banking groups have operations in jurisdictions that have neither signed an IGA nor are treated as having agreed an IGA in substance (initialed jurisdictions). These Groups could be at risk of having Limited FFIs in some of these jurisdictions. The Groups' Participating FFIs in the other jurisdictions will cease to be treated as FATCA-compliant after 31 December 2015 if any FFI in the EAG loses its Limited FFI status after that date and becomes a Non-participating FFI. Considering there are a substantial number of countries without a signed IGA this issue is of significant concern to multinational financial institutions.

In this context, the industry is specifically concerned by developments in Argentina. The Central Bank of Argentina (BCRA) and the Argentinian tax authorities (AFIP) recently advised local financial institutions that cross-border data reporting (even with customer consent) is prohibited under Argentine law. We understand that it is unlikely that the US/ Argentina IGA negotiations will be finalised before year-end 2015.

We therefore request that the Limited FFI deadline be extended so that the Limited FFI status continues to apply after 31 December 2015 for all jurisdictions.

We would welcome the opportunity to discuss this issue with you.

Yours sincerely,



Wim Mijs

