



# FATCA ALERT

## Tax and Legal Services

July 2016

**“ On 7 July 2016, Intergovernmental Agreement (“IGA”) Model 1 between Vietnam and the U.S. Governments officially entered into force, accordingly, Financial Institutions (“FIs”) in Vietnam officially became Reporting Vietnamese Financial Institutions (“PFFIs”) Model 1”**

### Intergovernmental Agreement - IGA in force

It is noted from the Internal Revenue Services (“IRS”) website that Vietnam has been treated as having an IGA Model 1 in force on 7 July 2016. Accordingly, from 7 July 2016, FIs in Vietnam are officially regarded as PFFIs Model 1.

### Memorandum of Understanding clarifying critical points in IGA

A memorandum between the Governments of Vietnam and the US has also been uploaded to the IRS website clarifying several critical points of the IGA. The followings are notable:

- The first reporting date for Vietnam will be the first 30 September after the IGA enters into force. Hence, the first report of FIs in Vietnam will be at 30 September 2016.
- Deemed-compliant FFIs or exempt beneficial owners include (i) Bank for Social Policies and Vietnam Development Bank; People’s Credit Funds including the Co-operative Bank of Vietnam; and Microfinance institutions in Vietnam. Nevertheless, the deem-compliant/exempt status is subject to these entities’ satisfaction of the relevant conditions described in Annex II of IGA.
- In the case of securities registered in the Vietnam Securities Depository (“VSD”) held by or through one or more other Reporting Vietnamese Financial Institutions, the relevant Financial Accounts are to be treated as held by such other Reporting Vietnamese Financial Institutions, and such other Reporting Vietnamese Financial Institutions are to be responsible for any reporting required with respect to such Financial Accounts. Hence, it is understood that VSD also needs to register as a Reporting Vietnamese Financial Institution and obtains a GIIN.

*In the coming time, the State Bank of Vietnam (“SBV”) and other competent authorities will soon issue detailed guidance on FATCA implementation in Vietnam in accordance with the signed IGA. KPMG recommends FIs to prepare resources in place to meet compliance requirements as soon as detailed guidance is issued.*

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