



TaxNewsFlash

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Rev. Proc. 2018-36: Updated list of countries, deposit interest paid to nonresident aliens

The IRS today released an advance version of Rev. Proc. 2018-36 that updates prior IRS guidance and adds new countries—Argentina and Moldova—to the list of countries with which the United States has in force an information exchange agreement for purposes of reporting payments of deposit interest of \$10 or more made by U.S. financial institutions to nonresident alien individuals (this is referred to as the list of countries under Section 3 of Rev. Proc. 2018-36). With respect to the newly added countries, Argentina and Moldova, information reporting is effective for interest paid after January 1, 2019.

[Rev. Proc. 2018-36](#) [PDF 29 KB] also adds one jurisdiction, Greece, to the list of jurisdictions with which Treasury and the IRS have determined that it is appropriate to have an automatic exchange relationship with respect to bank deposit interest income information under those regulatory provisions.

Background

Previously, the reporting of U.S. deposit interest was only required on interest paid to U.S. persons or to a nonresident alien individual who was a resident of Canada.

The Treasury Department and IRS in April 2012 finalized regulations providing that U.S. deposit interest payments made to nonresident alien individuals must be reported annually to the IRS—if such interest is paid to a nonresident alien individual who is a resident of a country with which the United States has in effect an information exchange agreement, and under which the United States agrees to provide (and to receive) information and under which the competent authority is the Treasury Secretary or delegate. The 2012 regulations also stated that the IRS would issue a revenue procedure identifying those countries with which the United States has in force information exchange agreements, and that this revenue procedure would be

updated “as appropriate.” The first revenue procedure was Rev. Proc. 2012-24, issued in April 2012.

The IRS then in 2014 issued [Rev. Proc. 2014-64](#) [PDF 20 KB] that provided two lists:

- The list of countries under Section 3 of Rev. Proc. 2014-64 concerns those countries with which the United States has in effect an income tax or other agreement relating to the exchange of tax information (as defined pursuant to section 6103(k)(4)) and which the United States agrees to provide as well as receive information under which the competent authority is the Treasury Secretary or delegate.
- A second list of countries under Section 4 of Rev. Proc. 2014-64 concerns those countries with which Treasury and the IRS determined that automatic exchange of deposit interest information is appropriate.

Since 2014, the IRS has periodically issued guidance that updates and adds countries to one or both of the lists of countries. Before today, the most recent release was September of last year—read [TaxNewsFlash-United States](#)

KPMG observation

A key rule for U.S. reporting entities to remember is that for any calendar year, payors are only required to report interest on deposits maintained at an office within the United States and paid to a nonresident alien individual (who is a resident of a country identified in the revenue procedure as of December 31 of the prior calendar year, as a country with which the United States has in effect an information exchange agreement).

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