



## Hays Companies Supports Insurance Buyers Facing Foreign Account Tax Compliance Act (FATCA) Deadline



On July 1, 2014, the Foreign Account Tax Compliance Act (FATCA) will go into effect. The intent of FATCA is to increase compliance by United States (U.S.) taxpayers, with emphasis on payments made to certain foreign entities. While FATCA affects many types of payments to entities outside of the U.S., **this Hays Companies' publication is specific to insurance premiums paid to foreign carriers and brokers for U.S. based risks.**

### Overview of FATCA as it Relates to Insurance Premiums

The following will go into effect for all policies with an effective date on or after July 1, 2014:

- FATCA status (either compliant or exempt) of a foreign insurance carrier or broker must be identified prior to making payment to the foreign entity.
- To confirm status, Form W-8BEN-E or W-8IMY must be obtained from the foreign carrier or broker and kept on file.
- In the event the required documentation noted above cannot be obtained, 30% of the total payment to the foreign carrier or broker must be withheld and remitted to the IRS.
- Annually by March 15th of each year, beginning in 2015, companies based in the U.S. that paid premiums to foreign insurers will need to file Form 1042-S with the IRS, providing a copy to the foreign insurers, showing the premium payments made during the previous year.
- For placements entirely in the U.S., Form W-9 must be obtained from the carriers or brokers and kept on file.

### How Hays Companies Can Help

At Hays Companies we are committed to help you minimize the burden of FATCA requirements. We will:

- Obtain the necessary forms (W-8BEN-E/W-8IMY) from non-U.S. carriers and brokers.
- Obtain W-9 forms from carriers and brokers for placements entirely within the U.S.
- Provide copies of the above forms to our clients for their files.
- File Form 1042-S with the IRS, with a copy to the insurers, for all insurance placements made with foreign carriers and brokers that are paid through Hays Companies.
- Be available to assist you in gathering the information you need to file Form 1042-S for premiums you paid directly to foreign carriers or brokers.

Please email [FATCA@HaysCompanies.com](mailto:FATCA@HaysCompanies.com) with any questions on how your policies may be affected by FATCA requirements. We also encourage you to consult with your tax advisor for additional information on how FATCA may impact these and other payments made in the course of your business.

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