

# How do you monitor compliance?

## IRW compliance obligations

Information reporting and withholding (IRW) regulatory requirements have dramatically increased over the last decade and a greater emphasis has been placed on effective process and controls by regulators. US Withholding Agents (USWAs) and entities that act as foreign financial institutions (FFIs), Qualified Intermediaries (QIs), Qualified Derivatives Dealers (QDDs) and Withholding Foreign Partnerships (WFPs) all have enhanced obligations to:

- Monitor the operation of the internal control environment
- Identify control failures and gaps timely and take steps to remediate them
- Evaluate the results of their compliance program to come to conclusions and make certifications where required

### Why act now

Unaddressed risks and control deficiencies compound over time. A lack of control oversight exposes your organization to financial, regulatory and reputational risks as a consequence of:

- Increased regulatory scrutiny: requirements from multiple regulatory regimes have shifted scrutiny onto the tax operating model and highlighted the need for a robust control and compliance infrastructure
- Mandatory certifications of compliance: certain regulatory provisions, (e.g., Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards (CRS)) require the submission of formal certifications of compliance to tax authorities
- Fines and penalties: failure to comply with tax regulations or to implement the necessary controls to monitor compliance can result in fines and civil penalties

## How can Ernst & Young LLP (EY) help?

EY offers a full complement of services and enabling tools to help our clients establish, maintain and monitor compliance with global IRW obligations.

### Our services

# IRW compliance program development

Leverage our methodology to:

- ► Define minimum control standards across IRW regimes
- Design controls testing and quality assurance approach matched to your organization's scope, scale and risk profile

## Technology-enabled control monitoring

Implementation of the EY web-based compliance monitoring and attestation tool (TCS) to:

- Document compliance with regulatory requirements
- Enable internal control attestation and quality assurance testing
- Produce real-time metrics evaluating effectiveness of the operational controls

#### Compliance program execution

Support end-to-end execution of compliance program activities, including:

- ▶ Define compliance operating model across IRW regimes
- Legal entity management, risk assessment and testing design
- Control attestation and testing execution
- Issues analysis and remediation
- Support certifications to tax authorities where required

### The EY advantage

Rapid deployment and execution

- Predefined and customizable control frameworks
- Risk-based testing methodology built on industry experience
- Implementation of globally consistent compliance models

Global reach and experience

- Deep process, controls and industry experience
- A diverse team of former regulators, former auditors and former industry members
- Proven methodologies for risk reduction, assessment and audit

Automation of your control attestation processes and select controls through the TCS tool

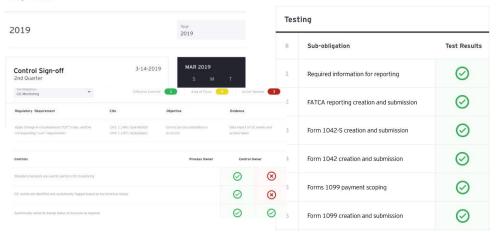
- Efficient control attestation technology
- Real-time control monitoring
- Expandable models to document controls across information reporting and withholding regulatory regimes



### **EY Tax Compliance Suite**

EY has developed a customizable, web-enabled approach to monitor compliance with IRW obligations globally.

#### **Key Dates**



#	Sub-obligation	Assessment Status
1	Required information for reporting	<b>Ø</b>
2	FATCA reporting creation and submission	0
3	Form 1042-S creation and submission	0
4	Form 1042 creation and submission	<b>⊘</b>
5	Forms 1099 payment scoping	$\odot$
6	Form 1099 creation and submission	$\odot$

# **Ernst & Young LLP contacts**

#### Tara Ferris

Tax Technology and Transformation Principal FSO Business Tax Services +1 201 551 5014 tara.ferris@ey.com

#### **Paul Frasco**

Tax Technology and Transformation Managing Director Banking and Capital Markets +1 212 773 9037 paul.frasco@ey.com

#### Justin O'Brien

Tax Technology and Transformation Principal FSO Business Tax Services +1 201 551 5033 justin.obrien@ey.com

#### Ryan Blewitt

Tax Technology and Transformation Senior Manager +1 212 773 6465 ryan.blewitt@ey.com

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