

# Tax Compliance Suite (TCS)

Information reporting and withholding



## 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

2019 Year 2019

---

**Control Sign-off**  
2nd Quarter 3-14-2019

**MAR 2019**  
S M T

Sub Obligations: CIC Monitoring

Effective Controls: 1 ● Missed or Incomplete: 0 ● Action Needed: 3 ●

Regulatory Requirement	Cite	Objective	Evidence
Apply Change in circumstances ("CIC") rules, and the corresponding "curb" requirements	CIR: 1.1441; 106X-6000D DNC: 1.1471; 106X-6000D	Correct tax documentation is on record	Subs report of CIC events and actions taken

Controls	Process Owner	Control Owner
Standard checklists are used to perform CIC monitoring	✓	✗
CIC events are identified and systematically tagged based on tax technical review	✓	✗
Systematic action & change status of accounts as required	✓	✓

Testing		
#	Sub-obligation	Test Results
1	Required information for reporting	✓
2	FATCA reporting creation and submission	✓
3	Form 1042-S creation and submission	✓
4	Form 1042 creation and submission	✓
5	Forms 1099 payment scoping	✓
5	Form 1099 creation and submission	✓

Control Assessment		
#	Sub-obligation	Assessment Status
1	Required information for reporting	✓
2	FATCA reporting creation and submission	✓
3	Form 1042-S creation and submission	✓
4	Form 1042 creation and submission	✓
5	Forms 1099 payment scoping	✓
6	Form 1099 creation and submission	✓

## 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

EY | Assurance | Tax | Transactions | Advisory

### About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation is available via [ey.com/privacy](http://ey.com/privacy). For more information about our organization, please visit [ey.com](http://ey.com).

Ernst & Young LLP is a client-serving member firm of Ernst & Young Global Limited operating in the US.

### EY is a leader in serving the global financial services marketplace

Nearly 51,000 EY financial services professionals around the world provide integrated assurance, tax, transaction and advisory services to our asset management, banking, capital markets and insurance clients. In the Americas, EY is the only public accounting organization with a separate business unit dedicated to the financial services marketplace. Created in 2000, the Americas Financial Services Organization today includes more than 11,000 professionals at member firms in over 50 locations throughout the US, the Caribbean and Latin America.

EY professionals in our financial services practices worldwide align with key global industry groups, including EY's Global Wealth & Asset Management Center, Global Banking & Capital Markets Center, Global Insurance Center and Global Private Equity Center, which act as hubs for sharing industry-focused knowledge on current and emerging trends and regulations in order to help our clients address key issues. Our practitioners span many disciplines and provide a well-rounded understanding of business issues and challenges, as well as integrated services to our clients.

With a global presence and industry-focused advice, EY financial services professionals provide high-quality assurance, tax, transaction and advisory services, including operations, process improvement, risk and technology, to financial services companies worldwide.

© 2019 Ernst & Young LLP.  
All Rights Reserved.

US SCORE no. 06391-191US  
1905-3175647 BDFSO  
ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

[ey.com](http://ey.com)