

**Government of India
Ministry of Finance
Department of Revenue
Central Board of Direct Taxes**

New Delhi, 31st August, 2016.

PRESS RELEASE

Sub: Closure of financial accounts under Rule 114H (8) of the Income-tax Rules, 1962 under alternative procedure of FATCA - reg.-

The Inter-Governmental Agreement (IGA) with USA for implementation of FATCA entered into force on 31st August, 2015. Under the alternative procedure provided in Rule 114H(8) of the Income-tax Rules, 1962, the financial institutions need to obtain the self-certification and carry out due diligence procedure to determine the reasonableness of the self-certification in respect of all individual and entity accounts opened from 1st July, 2014 to 31st August, 2015. Such self-certification and documentation is required to be obtained by the financial institutions by 31st August, 2016, otherwise they are required to close the accounts and report the same if found to be a “reportable account” as per the prescribed due diligence procedure for pre-existing account.

Stakeholders have highlighted several difficulties in following the provision for “closure” of financial accounts. In view of the same, India and the United States are discussing the alternative procedures under paragraph G of Section VI of Annex I with a view towards adjusting them to permit a few month extension of time for completing the due diligence and not requiring account closure within one year of entry into force of the agreement (i.e., August 31, 2016).

For providing immediate relief to the account holders and in wider public interest, it has been decided that, the financial institutions may not close the accounts by 31st August 2016 in respect of which self-certifications have not been obtained under the alternative procedure. The revised timelines for completing due diligence in respect of such accounts shall be notified in due course. In the interim, the financial institutions should continue to work on completing the required due diligence, including obtaining self-certifications.

**(Meenakshi J Goswami)
Commissioner of Income Tax
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Official Spokesperson, CBDT.**