

On 27 June, the Swiss State Secretariat for International Finance (SIF) announced that representatives of the Swiss and US governments had signed the new Swiss Model 1 FATCA IGA and simultaneously published the IGA text and the accompanying Memorandum of Understanding (MoU) on the SIF website ([here](#)). As set out in the first part of this blog duet, [The Swiss Conversion to a Model 1 IGA, Part I: The IGA](#), the pending FATCA compliance rules for Swiss FIs under the incoming Swiss Model 1 IGA closely resemble those for Swiss FIs under the current Swiss Model 2 IGA. However, the conversion itself is attended by a set of transition provisions announced in Article 11 of the IGA and set forth in detail in the MoU. This blog will review and analyze those transitional rules.

The new Swiss Model 1 FATCA IGA is scheduled to enter into effect on 1 January 2027 and, upon the activation date, the current Swiss Model 2 FATCA IGA will terminate. However, certain compliance duties – which were incurred but not yet fulfilled prior to the activation of the Model 1 IGA – must still be completed per the terms of the Model 2 IGA. Some key ones are set forth below–

Registration resubmission: To preserve their current GIINs, Swiss FIs will need to re-submit their registration on the IRS FATCA Portal. As of the activation date of the new IGA, the IRS will reset Swiss FI FATCA statuses to “incomplete”. Each Swiss FI must then re-submit its registration within 20 days to ensure that its GIIN continues to appear on the following month’s IRS GIIN List. This requirement applies to sponsoring Swiss FIs too and their sponsor GIINs as well.

Practice point: The 20-day deadline at the start of the year for an untested portal-based procedure may seem a bit tight, but the consequences from missing it are not necessarily immediate. If the Swiss FI is receiving US-source income payments (i.e. withholdable under FATCA), the bank or other FI processing the payment will have an extra 90-day grace period to start withholding on them. It is unlikely, however, that any non-Swiss banks or other FIs will be aware of this allowance. Furthermore, removal from the IRS GIIN List for any period of time could prolong and complicate a new account opening effort.

FFI Agreement: Swiss FIs being re-registered as Reporting Model 1 FIs on the IRS FATCA Portal will not enter into an FFI Agreement with the IRS, which they had done automatically upon initial registration as Reporting Model 2 FIs. Under the transition rules, FFI Agreements in effect at the time of the conversion to a Model 1 IGA will automatically terminate. However, obligations incurred under the FFI Agreement must be fulfilled, in whole or in part.

Responsible Officer (RO) Certifications: ROs do not need to submit a final Periodic Certification (or a COPA Certification, if not yet done). However, the Swiss FI’s RO must

prepare an RO Certification (e.g. copied via screenshot from the one on the IRS website) and retain it and the supporting documentation for six years. These document must be produced to the IRS upon written request. Alternatively, the Swiss FI may submit the RO Certification it anyway prepared, thereby eliminating this special document retention rule.

FI change in status: Within 90 days of the IGA conversion date, any Swiss FI that had a change of FATCA status as a consequence of the IGA conversion must notify any bank or other FI where it holds an account of the change in circumstance. This notification applies whether the bank or other FI maintaining the account is Swiss or not. This notification may take one of several forms, including the submission of a new self-certification form, the provision of oral or written confirmation or the public broadcasting of the change.

Practice point: This re-documentation requirement – albeit a limited one – looks set to play some havoc in the marketplace as Swiss FIs determine which process they will use and then chase their clients for the appropriate notifications. Based on past patterns, many Account Holders will be unaware of the notification requirement until their banks pester them for re-documentation. Furthermore, there may be confusion over the scope of “a change of FATCA status”, notably as it applies to statuses accessed via the Treasury Regulations.

New reporting and “Late-filed reports”: All reports based on information from the periods prior to the conversion date (e.g. 2026 reports filed in 2027) are to be filed via the IDES Portal pursuant to the Model 2 IGA, *but only if filed by the end of that first year* (i.e. by 31 December 2027). Any reports filed after that first year (on or after 1 January 2028) must be filed to the Swiss authorities pursuant to the Model 1 IGA, irrespective of from when that information stems. Accordingly, amended or corrected reports made in 2028 or later must be filed on the Swiss portal even if the original report was filed on the IDES Portal. Wary of the potential volume of these so-called “late-filed reports”, both the US and Switzerland committed to encouraging – possibly, through penalties for non-compliance – all Swiss FIs to fully satisfy all their reporting duties under the Model 2 IGA by the end of 2027.

Practice point: The prevailing expectation is that Switzerland will introduce FATCA nil reports, similar to the ones it mandates under CRS.

Enforcement: The expectation is that the Swiss Federal Tax Authority will replicate the CRS audits for FATCA and that those audits will cover the Model 1 IGA transition period.

Practice point: Decisions taken with respect to the transition phase ought to be recorded carefully and preserved in an audit file.