



# TaxNewsFlash

United States



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## IRS updated FAQs for QIs / WPs / WTs

The IRS announced it has updated a set of “frequently asked questions” (FAQs) as guidance under the FATCA regime concerning qualified intermediaries (QIs), withholding foreign partnerships (WPs), and withholding foreign trusts (WTs).

As noted in an [IRS transmittal message](#), the updated FAQ ([Q2](#)) provides guidance for applying the independence standard for an external reviewer performing a QI, WP or WT periodic review, under the heading “Certifications and Periodic Reviews.

The updated FAQs appear on the [IRS webpage](#) (text of updated FAQ 2 is provided below):

***Q2. How should the independence standard for an external reviewer of a QI, WP, or WT be applied for periodic review years prior to 2019?***

*A2. Section 10.04 of the QI agreement and section 8.04 of the WP and WT agreements provide that an internal or external reviewer must be independent. The preamble to the QI agreement provides that the reviewer must have sufficient independence to conduct the review objectively and cannot review his or her own work or the work of others in the same “firm.” The IRS has received requests for clarification of the independence standard for external reviewers and, in particular, how the IRS construes the term “firm” for purposes of this requirement. The IRS will permit an external reviewer of a QI, WP, or WT to apply the standards of independence that would otherwise apply to its engagement to conduct the periodic review (such as the standards for an agreed-upon procedures engagement by a certified public accountant).*

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