



CTI Tax Solutions: Mandatory Document Due Diligence (MD³®)

Minimize withholding tax exposure by validating Forms W-8, W-9 and 8233 in accordance with IRS requirements

CTI Tax Solutions MD³® is a web based platform that helps US withholding agents, Foreign Financial Institutions and Qualified Intermediaries validate US tax Forms W-8, W-9, 8233, self-certifications and KYC documentation as required by the mandatory due diligence, withholding and reporting rules under FATCA.

FATCA, and the potential 30% withholding tax associated with it, has increased the importance of accurately documenting account holders, investors and counterparties. Documentation collection by withholding agents is not sufficient. The documentation must also be validated, and withholding agents need to follow up on missing or incomplete documentation, and track changes in circumstance.

CTI Tax Solutions MD³® simplifies the process of validating tax and KYC documentation in accordance with IRS regulations, to help withholding agents improve efficiency and reduce cost.

The complex validation process for Forms W-8, W-9, FATCA Self-Certifications and KYC documents is distilled into a series of simple “yes” or “no” questions. The withholding agent answers these questions based on information from the applicable tax form, documentary evidence or KYC documentation, as well as the agent’s books and records.

An audit trail is maintained of the validation history, including questions asked and answered. Validation results and form expiration dates are archived to allow for retrieval to support resolicitations, tax and management reports, as well as IRS audits. MD³® is updated on a quarterly basis to ensure it is up to date with changes in IRS regulations.

Lower risk

Simplified validation processes to help reduce the potential for error, which could easily result in costly penalties for non-compliance.

Reduce training time

Aligns with current IRS rules and regulations to help minimize the time spent conducting research, enabling them to process more forms with less training.

Change management capabilities

Enables withholding agents to employ the most recent tax rules and regulations in their validation processes.

Centralized reports

Ability to serve as a single point of reference for generating and retrieving reports, to remove the complexity associated with processing tax forms using multiple systems.

Supported tax forms:

- W-9
- W-8BEN
- W-8BEN-E
- W-8IMY
- W-8EXP
- W-8ECI
- 8233

MD3® for FATCA

Validation results include the FATCA status. Valid pending queues enable users to update validation results based on additional documentation supplied by the client, such as Articles of Incorporation, government issued identification and GIIN.

New FATCA queues include:

- US indicia queues
- GIIN validation queues
- FATCA status queues
- General validation queues (such as PO Box)
- W-8EXP specific queues
- Withholding statement related queues

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