

# Tax Solutions: Mandatory Document Due Diligence (MD<sup>3</sup>®)

**Helping to minimise US withholding tax and FATCA exposure by validating Forms W-8, W-9, 8233, Self-Certifications and KYC documentation in accordance with IRS and IGA requirements.**

Tax Solutions MD<sup>3</sup>® 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 has increased the importance of accurately documenting account holders, investors and counterparties. Documentation collection by financial institutions is not sufficient. The documentation must also be validated, and financial institutions need to follow up on missing or incomplete documentation, and track changes in circumstance.

Tax Solutions MD<sup>3</sup>® simplifies the process of validating tax and KYC documentation in accordance with IRS regulations, to help financial institutions 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 financial institution answers these questions based on information from the applicable tax form, documentary evidence or KYC documentation, as well as 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. MD<sup>3</sup>® is updated on a quarterly basis to ensure it is up to date with changes in IRS and IGA 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 and IGA rules and regulations to help minimize the time spent conducting research, enabling them to process more forms with less training.

## **Change management capabilities**

Enables financial institutions 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
- FATCA Self-Certifications
- KYC Documentation

**MD<sup>®</sup> 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.

**FATCA queues include:**

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

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