

# FATCA NEWSLETTER

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## IRS Publishes Draft Reporting Guidelines

The Internal Revenue Service (IRS) has published the draft User Guide for FATCA reporting. The guide is intended to serve as a tool for FIs and Host Country Tax Authorities (HCTAs) who enroll in the International Data Exchange Service (IDES) to transmit data. The document assumes that the reader is familiar with the FATCA regulations and is experienced with extensible markup language (XML) and schema technology.

## International Data Exchange Service (IDES)

The IDES web application is a secure managed file transfer service that is available to both FIs and HCTAs to facilitate FATCA reporting. The main function of IDES is to provide authorized users with secure exchange services for FATCA data transmissions, with the additional protection of a Public Key Infrastructure (PKI).

The data collected from IDES will be incorporated into IRS compliance operations. IDES is available to registered users over the Internet via Hypertext Transfer Protocol Secure (HTTPS) or Secure File Transfer Protocol (SFTP). The system only accepts encrypted electronic submissions.

Authorized IDES users are either FIs or HCTAs. Each authorized user has limited access to the system based on the data flow model described in their agreement with the United States, such as an IGA or FFI agreement.

More information about IDES and processes related to creating accounts, AES encryption and transmission may be found in the IDES User Guide published by the IRS.

## Key Steps in Reporting

As per the user guide the process for FATCA reporting involves the following steps for entities in NON-IGA and IGA Model 2 Jurisdictions:

1. Obtaining Digital Certificate from an IRS approved authority
2. Create User Profile for submitting FATCA reports
3. Validation of GIIN and Digital certificate
4. Receive approval for enrollment for FATCA reporting
5. Prepare FATCA file and upload to IRS website
6. Send reporting package to IRS



For entities in Model 1 IGA jurisdiction, the process for submission of FATCA reports will be driven by guidance issued by the local Competent Authority. HMRC, the local competent authority in the UK, has issued guidance on registration and FATCA reporting. Other jurisdictions are expected to issue similar guidance in the near future.

### Key Considerations for FIs

While preparing for FATCA reporting, the following points will need to be considered by FIs:

1. Identify all accounts with US status
2. Collect all required fields for reporting e.g. Name, Permanent or residential address, Tax Identification Number (TIN), Account number, Account balance. Account balance should be as of 31 December 2014
3. Collect information about recalcitrant persons and Non-participating FFIs
4. Prepare and test the report in XML format as specified by the IRS
5. Approve reports by the local RO
6. Submit the report to the local competent authority or the IRS as per the timeline specified in the FATCA regulations or the applicable IGA

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