

FATCA Submission Update

Bulletin 2015/6

Guernsey Financial Institutions submitted the first report under the Intergovernmental Agreement with the United States of America (US IGA) for 2014 data on or before the 30 June 2015.

The onward submission of this data to the US was due to be submitted by 30 September 2015 and I am able to confirm that this data was transmitted to the US prior to this date.

Guernsey Financial Institutions are required to submit reports under the US IGA via the Information Gateway Online Reporter (IGOR), which validates the data against the schema provided by the US Internal Revenue Service (IRS) prior to accepting this. This data is then compiled and submitted to the International Data Exchange Service (IDES), an electronic delivery point used for the purpose of submitting this data to the IRS.

When a file is submitted to IDES the system checks whether the file can be considered valid. Beyond this, there is a further check for any record level errors contained within the file.

Record level errors are errors which appear in the actual data contained within the schema, for example, a common record level error is that the TIN field does not include the requisite nine zeros where a TIN is not held.

The data submitted by Guernsey to the US via IDES has been confirmed to be valid, in that the data complied with the schema, however a notification was subsequently received by the Director detailing certain record level errors in some of the reports received.

Shortly before to the reporting date of the 30 September 2015, the US updated its frequently asked questions in relation to the submission of data in respect of the format of the Taxpayer Identification Number (TIN), as follows:

A value for a TIN data element must be either in a GIIN format or in one of the following formats for a U.S. TIN to be considered valid:

- *Nine consecutive numerical digits without hyphens or other separators (e.g., "123456789")*
- *Nine numerical digits with two hyphens, one hyphen entered after the third numeric digit and a second hyphen entered after the fifth numeric digit (e.g., "123-45-6789")*
- *Nine numerical digits with a hyphen entered after the second digit (e.g., "12-3456789")*

The Account Holder TIN must be provided and cannot be blank characters in the TIN data sub-element. If an entity Account Holder does not have a TIN, enter all zeros in the TIN data sub-element, otherwise you will receive a "TIN not populated" error.

If a filer receives an N5 Error Notification regarding the TIN based on the above errors and has confirmed that their TIN is correct then the filer does not need to re-file. If any other errors are included, then these should be addressed separately and the filer should re-submit a corrected file.

Any reports containing a TIN data element which does not conform to this format will produce a "TIN not valid" error message which is forwarded to Host Country Tax Authority.

The format of the TIN has been identified as the primary reason for a record level error, although there have been other errors identified.

It has been determined that in cases where it is possible to reformat the schema, without amending the data contained in the report to correct such errors, that the Director will undertake this in order to submit this data back to the IRS. This will alleviate the burden of Financial Institutions to correct the reports submitted to correct this second level of validation. In such cases the Financial Institution will be notified of this change via the messaging system of IGOR and will be able to view the changes made to the report. An opportunity will also be given to contact the Director ahead of the Director resubmitting these reports to the IRS, should the Financial Institution have any concerns regarding this proposed course of action.

It will also be necessary to contact some Financial Institutions in order to obtain corrected reports where the Director is unable to reformat the schema without amending the data, but the Director is mindful to only undertake this in cases where there is a requirement to submit amended data. In such instances this will again be messaged via IGOR to the relevant Financial Institutions.

Messages will only be sent to Financial Institutions where it is necessary to correct record level errors in the reports submitted and if a message is not received, you will not be required to submit amended reports.

Now that the Director has been made aware of the additional levels of validation required relating to record level errors, IGOR has been updated so that this level of validation now forms part of the front end of IGOR when accepting submissions under the US IGA (FATCA). The specifications of this update will be communicated on both IGOR and the IGOR forum shortly.

Financial Institutions who are affected by this will be contacted by the Director, through IGOR, by 9 November 2015 with details of the record level error and instructions on how to correct the record. The notification will include the timeframe for submitting the amended data (which is anticipated to be a period of 60 days). Instructions for submitting amended data is available at <https://igorforum.digimap.gg/>

If you have not been contacted through the IGOR messaging system by 9 November 2015, you are not affected by this error and are not required to submit amended reports.

23 October 2015