IRS issues encryption mode conversion reminder, IDES maintenance timeline, and notification schema update

Closing the distance

On July 1, the IRS issued a publication reminding IDES users of the upcoming encryption mode conversion, effective July 11, 2016. The Cipher Block Chaining (“CBC”) mode is the new cipher mode that must be used for data packaging prior to IDES transmission. The last day to submit FATCA files using the current Electronic Code Book (“ECB”) mode is July 7 at 11:59 pm EDT, after which time IDES will be under maintenance until reopening on July 11 at 12:00 am EDT.

The IRS plans to update the FATCA XML Notification Schema in response to the cipher mode change, including the “NKS” file error notification code to indicate that an incorrect cipher mode was used in the submission. If the NKS notification is received, the IRS suggests checking for the following errors:

- The data packet was transmitted using the ECB cipher mode
- The data packet does not include a 16 byte IV in the Key File
- The data packet size is not 48 bytes
- The data packet does not contain the concatenated key and IV.
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