



IRS updates FATCA IDES Technical FAQs

Closing the distance

IRS updates FATCA International Data Exchange Services (“IDES”) Technical FAQs

On August 10, 2016, the IRS updated the [FATCA IDES Technical FAQs](#) webpage, adding four new FAQs and updating four others. Several of these FAQs address the updated FATCA XML Schema v2.0, a draft of which was released in June. The FAQs clarify that schema v2.0 will not be deployed into production until January 2017, with open testing taking place in Fall 2016. For submissions prior to January 2017, users should continue to use schema v1.1. Users submitting amended, corrected, or voided files after January 2017 in response to files originally submitted using schema v1.1 should use schema v2.0 as these schemas are backwards compatible. Regarding corrected, amended, and voided files, one of the FAQs also addresses the error users have encountered where corrected data submissions generate the notification that “the IRS could not match the CorrDocRefID element with any existing record.” If users have encountered this error with respect to any TY2014 corrected, amended, and voided submissions, consult the FAQs for additional guidance.

The FAQ additions and updates also address the change to IDES to allow zero or negative amounts to be considered valid account balances and payment amounts. For payments, if a zero or negative amount is supplied, the payment type must still be supplied. It is also acceptable to submit the record without providing the payment element. Finally, the FAQs discuss two questions on Direct Reporting Non-Financial Foreign Entities (“NFFEs”). First, in the case of a submission by a Direct Reporting NFFE in a Model 1, option 2 jurisdiction—a jurisdiction opting to have FATCA reports submitted directly through IDES—the FAQs note that it will go directly to the IRS without host country tax authority approval needed, a step which is necessary for other submissions in Model 1, option 2 jurisdictions. Second, one of the nil reporting FAQs was updated to point Direct Reporting NFFEs and their Sponsoring Entities, the only entities with mandatory nil reporting requirements from the IRS’s perspective, to the sample nil reports on the [FATCA XML Schemas and Business Rules for Form 8966](#) webpage.

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