



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

21.8.7

DECEMBER 7, 2021

EFFECTIVE DATE

(12-07-2021)

PURPOSE

- (1) This transmits revised IRM 21.8.7, International, Form-Related Communication.

MATERIAL CHANGES

- (1) Minor editorial changes made.

EFFECT ON OTHER DOCUMENTS

None

AUDIENCE

Contact representatives in all IRS organizations

Kyle E. Enns
Acting Director, Strategy, Policy and Governance
Large Business and International Division

21.8.7

Form-Related Communication

Table of Contents

21.8.7.1 Program Scope and Objectives

21.8.7.1.1 Acronyms

21.8.7.2 Background

21.8.7.3 FFI and Intergovernmental Agreements

21.8.7.4 FATCA Report Processing

21.8.7.1
(07-18-2017)
Program Scope and Objectives

- (1) The Office of the Assistant Deputy Commissioner Compliance Integration (ADCCI) in Large Business and International (LB&I) Division was formed in February 2016 and houses what was formerly International Data Management (IDM) in LB&I. Data Solutions replaces IDM in the new organization. Its purpose is to provide taxpayer-facing staff with data and systems management policies, procedures, and guidance related to international forms.
- (2) **Purpose:** International forms used to carry out the Foreign Account Tax Compliance Act (FATCA) have established procedures. This IRM specifically addresses Form 8966, FATCA Report, and will be expanded in future to cover additional forms, notices and notifications.
- (3) **Audience:** This IRM provides guidance to taxpayer-facing staff and other internal stakeholders with regard to various international forms, notices and notifications related to FATCA systems processing.
- (4) **Policy Owner:** LB&I Policy under the Strategy, Policy and Governance office in the Assistant Deputy Commissioner Compliance Integration organization.
- (5) **Program Owner:** Within Data Solutions, Product Management (PM) owns the development and delivery of FATCA Registration, Foreign Financial Institution (FFI) List and Qualified Intermediary activities as well as providing support for the ongoing products for LB&I and FATCA International Systems Planning support. It acts as the primary systems liaison between Data Solutions and other IRS Business Operating Divisions.
- (6) **Primary Stakeholders:** The primary stakeholder is LB&I. LB&I and Wage and Investment Division (W&I), provide customer support for FATCA-related issues.

21.8.7.1.1
(07-18-2017)
Acronyms

- (1) Below is a list of abbreviations used throughout this IRM.

Acronym	Description
FATCA	Foreign Account Tax Compliance Act
FI	Financial Institution
FFI	Foreign Financial Institution
EPSS	Electronic Products and Services Support
IDES	International Data Exchange
ICMM	International Compliance Management Model
HCTA	Host Country Tax Authority
IGA	Intergovernmental Agreement
MeF	Modernized e-File
NFFE	Non-financial Foreign Entity

21.8.7.2
(07-18-2017)
Background

- (1) The Foreign Account Tax Compliance Act (FATCA) was enacted in 2010 to target non-compliance by U.S. taxpayers holding foreign accounts. Under FATCA, U.S. taxpayers with certain foreign financial accounts and assets must report information about these accounts and assets to the IRS. Foreign Financial Institutions (FFIs) that hold these accounts or have accounts held by foreign entities in which US taxpayers hold a substantial ownership interest must report information about these accounts on Form 8966, FATCA Report. In order to avoid 30 percent withholding tax on certain payments, FATCA requires FFIs to report certain information about certain financial accounts held by U.S. taxpayers, or by foreign entities in which U.S. taxpayers hold a substantial ownership interest.
- (2) Financial Institutions (FIs) register with the IRS using Form 8957, Foreign Account Tax Compliance Act (FATCA) Registration . The FIs have two options to register with the IRS:
 - On-Line Registration – FFIs register using the Registered User Portal (RUP) located at: <https://www.irs.gov/businesses/corporations/fatca-foreign-financial-institution-registration-tool>. The RUP is an external-facing tool.
 - Paper Registration – FFIs register by mailing in a paper version of Form 8957, Foreign Account Tax Compliance Act (FATCA) Registration.

21.8.7.3
(07-18-2017)
**FFI and
Intergovernmental
Agreements**

- (1) In 2015 the IRS began receiving reports on financial accounts held by FFIs in accordance with the regulations, FFI agreements and intergovernmental agreements (IGAs) negotiated between the Treasury Department and foreign governments. These agreements describe the dates and conditions for account reporting, among other FATCA -related activities.
- (2) There are two general types of IGAs, of which the key aspects are as follows:
 - a. **IGA Model 1** : The foreign government host country tax authority (HCTA) will provide all FATCA Reports for all FFIs in its jurisdiction, and the FFIs will provide to their HCTAs account information on all accounts held by U.S. persons. Additionally the IRS will resolve issues concerning erroneous or faulty reports through the HCTA for the jurisdiction in which the entity in question operates. The exchange of information under a Model 1 IGA may be on a reciprocal or nonreciprocal basis.
 - b. **IGA Model 2** : FFIs, direct reporting NFFEs, and sponsoring entities will be directed and enabled by the partner jurisdiction to transmit FATCA Reports directly to the IRS without intervention by the HCTA for their jurisdictions; however, these entities will only provide full, detailed reporting for accounts held by a U.S. person if the account holder provides consent. For those account holders not providing consent, FFIs and sponsoring entities will send pooled reports that provide the number and cumulative asset balance of all U.S. accounts not providing this consent. These pooled reports will form the basis for follow-up action between IRS and Treasury and the partner jurisdiction's HCTA to obtain the desired account details.

21.8.7.4
(12-07-2021)
**FATCA Report
Processing**

- (1) FFIs and Host Country Tax Authorities (HCTAs) submit Form 8966 , FATCA Report, electronically through the International Data Exchange Service (IDES). Other filers submit Form 8966 information either through IDES or by paper. Two systems support processing of Form 8966: International Compliance Management Model (ICMM) and International Data Exchange Service (IDES). Each is described briefly.
 - a. **IDES** provides a platform for worldwide electronic data exchanges between IRS and filers of Form 8966 information. See the IDES website at: <https://www.irs.gov/businesses/corporations/international-data-exchange-service>.
 - b. **ICMM** is an internal system communicating with IDES to download and process FATCA reports submitted through IDES and to manage Form 8966 data received on paper forms. ICMM sends notifications to IDES, processes, stores, manages, receives and retrieves data for Form 8966, FATCA Report. The data stored in ICMM allows internal stakeholders to compare information for compliance purposes. See the ICMM website at: <https://www.irs.gov/businesses/corporations/irs-fatca-report-notifications>.
- (2) W&I Division's Electronic Products and Services Support (EPSS) provides support to FFIs regarding error notifications received from the IRS regarding electronic filings of Form 8966. The notifications contain a URL to a web page with self-help technical documents including error notification FAQs, links to supporting information, and contact email addresses and phone numbers for EPSS.
- (3) EPSS follows LB&I guidance in Publication 5189, FATCA Reports International Compliance Management Model (ICMM) Notifications User Guide, at: <https://www.irs.gov/pub/irs-pdf/p5189.pdf>.
- (4) This technical support guide provides response scripts from notification inquiries such as:
 - Failed Download Notification (NDW)
 - Failed Decryption Notification (NDC)
 - Failed Decompression Notification (NDP)
 - Failed Signature Check Notification (NSC)
 - Incorrect AES Key Size (NKS)
 - Failed Threat Detection Notification (NTD)
 - Failed Virus Scan Notification (NVS)
 - Failed Schema Validation Notification (NSV)
 - File Contains Invalid MessageRefID (NMR)
 - File Contains Duplicate MessageRefID (NDM)
 - File Contains Invalid DocRefID (NDR)
 - File Contains Test Data for Production Environment (NTP)
 - File Contains Production Data for Test Environment (NPT)
 - Valid File Notification (NVF) (with Record Level Errors)
 - Paper Account Report Error Notification (NPA)
- (5) Misdirected inquiries are referred to the appropriate web page on IRS.gov.

