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IRS Unleashes Global FATCA Data Exchange, Offshore Transparency Everywhere

Some of the folks down at the IRS may have been '[confused](#)' about how to apply the tax exempt organization rules, especially those rogue employees in Cincinnati. But the IRS isn't confused at all about the power of [FATCA](#), the Foreign Account Tax Compliance Act. It is America's global tax reporting law. Never before has an American tax law attempted such an astounding reach. It got off to a slow start after passing into law in 2010.

But it took effect in 2014, and has literally swept the globe. FATCA requires foreign banks to disclose the identity and details of Americans with foreign accounts over \$50,000. Non-compliant institutions worldwide could be frozen out of U.S. markets, so everyone is complying. Now, the IRS has unleashed a new data exchange to implement the law. The IRS [announced](#) the opening of the International Data Exchange Service ([IDES](#)). Financial institutions and host country tax authorities will use IDES to securely send their information reports on financial accounts held by U.S. persons to the IRS.

So far, over 145,000 financial institutions have registered through the IRS FATCA Registration System. The U.S. has more than 110 intergovernmental agreements (IGAs), either signed or agreed in substance. Financial institutions and host country tax authorities will use IDES to provide the IRS information reports on financial accounts held by U.S. persons.



If you think this means you should get your accounts in order and make sure they are disclosed and properly reported, you're right. The exchange underscores just how big FATCA has become. IRS Commissioner Koskinen called it a milestone in implementing FATCA. "With it, comes the start of a secure system of automated, standardized information exchanges among government tax authorities. This will enhance our ability to detect hidden accounts and help ensure fairness in the tax system."

FATCA grew out of a controversial rule. America taxes its citizens and permanent residents on their [worldwide income](#) regardless of where they live. FATCA cuts off companies from access to critical U.S. financial markets if they fail to pass along American data. More than 100 nations—including all that matters—have agreed to the law. Countries must agree to the law or face dire repercussions. Even tax havens have joined up, as have [Russia & China](#), even [the Vatican](#).

The IRS has a searchable list of financial institutions. See [FFI List Search and Download Tool](#) and a [User Guide](#). Countries on board are collect at this [FATCA Archive](#). Foreign financial institutions must withhold a 30% tax if the recipient isn't providing information about U.S. account holders. That's why everyone is complying.

Foreign Financial Institutions (FFIs) must report account numbers, balances, names, addresses, and U.S. identification numbers. For U.S.-owned foreign entities, they must report the name,

address, and U.S. TIN of each substantial U.S. owner. And in what is a kind of global witch hunt, American indicia will likely mean a letter. If you receive a [FATCA letter, don't delay considering what to do](#).

The IDES User Guide with instructions for enrolling and using the IDES can be found [here](#). The IRS has posted [Frequently Asked Questions](#) about FATCA and [IDES](#), and will continue to update the FAQs as questions are received. In addition, the IRS has a comments link on its website to submit questions specifically on [IDES](#), and another for other [FATCA-related questions](#). The online address for IDES enrollment can be found [here](#).

Although there is an anti-FATCA movement, do not count on it to succeed. A safer bet is to count on virtually every institution in virtually every country around the globe to disclose—and soon.

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