

Foreign Account Tax Compliance Act (FATCA) Frequently Asked Questions (FAQs)

Contents

1. Registration

- 1.1. Is there a deadline for registration with the MRA? 3
- 1.2. XYZ Management Services Ltd is a licensed Management Company and is a qualified trustee. It has two GIINs (one as a single and the other as a sponsoring entity), can you please advise if registration with the MRA should be done twice? 3
- 1.3. A GIIN is required for FATCA registration on MRA website. How does the entity obtain the GIIN?..... 3
- 1.4. If the message “Invalid or Inactive GIIN” appears upon registration, what needs to be done?..... 3

2. General Questions

- 2.1. What is meant by the “responsible officer” required on the registration form of the MRA? 4
- 2.2. Does the “responsible officer” for registration on MRA website need to be the same as “point of contact” for GIIN registration?..... 4
- 2.3. What are the procedures to obtain a Tax Account Number (TAN) for a GBC 2? 4
- 2.4. Can you please confirm whether a Foreign Service Provider can register from abroad and report to the MRA on the Mauritius Financial Institution (MFI)? 4
- 2.5. Section 9.9 of the MRA FATCA Guidance Notes provides that reporting for FATCA has to be in XML format. Please provide additional details. 4
- 2.6. Can the MRA provide us with a Format (a template FATCA reporting sheet) in which we will feed the information pertaining to FIs, for FATCA reporting purposes? 4
- 2.7. IRS has set up an International Data Exchange Service (IDES) for transmission of FATCA data. Please confirm whether registration on IDES is applicable for Mauritius FIs? 5
- 2.8. Is it possible for a third-party to report to the MRA on a sponsored Mauritian entity, for the purposes of FATCA, on behalf of its sponsoring entity based in another country? 5
- 2.9. Please clarify on the delegation of the Reporting function to a third party provider..... 5
- 2.10. Are both a sponsoring entity and its sponsored entities required to register on the MRA portal for FATCA purposes?... 5
- 2.11. Does the sponsoring entity need a TAN? 5
- 2.12. Will a GBC 2 company be required to file periodical returns, other than that pertaining to FATCA, with the MRA? 5
- 2.13. Is NIL reporting required in case no US reportable accounts are identified by the FI? 6
- 2.14. Is it possible for the MRA to send a password through email? 6
- 2.15. If an FI is established during the year 2015, reporting should be done in 2016. Does it need to file a nil return in 2015? 6
- 2.16. Since trusts are required to apply for a TAN, please confirm whether each trust, if an FI, needs to register separately with the IRS for a GIIN..... 6
- 2.17. What is the regulatory reporting year applicable to FIs?..... 6
- 2.18. One Client-one file basis 6
- 2.19. When is the reporting required for pre-existing individual Low Value Accounts?..... 7

3. Financial Institutions (FIs) & Non Financial Foreign Entities (NFFEs)

- 3.1. CIS entitlement to benefit from IGA Annex II exemptions 10

- To determine whether a Collective Investment Scheme (CIS) is a „Qualified CIS” and therefore is eligible for exemption from registration and reporting, it seems that the CIS will first need to conduct FATCA client due diligence to confirm who are the account holders in the CIS. Would such client due diligence be required to follow the same procedures as FIs would undertake under the Guidance Notes to identify US Reportable and Non-Reportable Accounts? 10
- 3.2. Are companies in liquidation or winding up required to register and report for FATCA purposes? 10
- 3.3. If an FI has a sole shareholder which is a Participating FI, it seems that it will be regarded as registered deemed compliant. In this case, does the FI still need to submit a return to the MRA? 10
- 3.4. If an FI was established prior to or during the year 2014 (e.g. Dec 2014) but following discussions with tax advisors/counsels, the company was registered with IRS in March 2015. Please confirm whether a return should be filed with the MRA for 2015. 10
- 3.5. Where there is a single trustee resident in Mauritius, should the trust apply for a TAN? 10
- 3.6. Do trustee documented trusts need to separately register with the IRS? 11
- 3.7. We would like to know whether the concept of Non-Participating Financial Institution (NPFIs) (classified due to non-compliance) will be applicable for the 2015 reporting year and the time frame for the IRS to classify non-compliant entities or NPFIs. 11

4. IT related questions

- 4.1 Please advise if XML Notepad ++ is suitable for the FATCA conversion for the schema? 11
- 4.2 One of our companies has a FATCA reporting obligation. I seek your advice on the software required to generate FATCA files as well as opening those files. 11
- 4.3 Does the MRA E services platform allow manual input for reporting account` information or does it only provide for uploading of XML file? 11
- 4.4 What version of XML is required for FATCA reporting? 11
- 4.5 Is there a validation tool, online or offline, available to check our XML files for the FATCA reporting? 12
- 4.6 When uploading the XML file on MRA E services, is there any encryption and/or digital signature required for the XML file? And does the reporting entity need to obtain a digital certificate? 12
- 4.7 Grateful if you would confirm that the data transferred by an FI to the MRA for onward transmission to the IRS is being done through a secured channel (given that the XML Files transmitted to MRA by an FI does not need to be encrypted). 12
- 4.8 We tried to upload a NIL XML file using the standard IRS XML schema for XYZ COMPANY (MAURITIUS) LIMITED and are receiving the following message: “Invalid Receiving Country. Receiving Country (MU) should be US. Please verify your file and use a correct Receiving Country.” 12

5. Error Notification from the IRS

- 5.1. The following error notifications are being received from the IRS: „Invalid TIN” or „GIIN not populated”. How should I proceed? 13
- 5.2. Some FIs do not provide account numbers to their customers. The IRS is still asking us to insert an account number although this field is not mandatory as per the XML User Guide. Please provide guidance. 13

1. Registration

1.1. Is there a deadline for registration with the MRA?

There is no deadline for registration; however, the deadline for FATCA reporting for 2015 is 31 August.

1.2. XYZ Management Services Ltd is a licensed Management Company and is a qualified trustee. It has two GIINs (one as a single and the other as a sponsoring entity), can you please advise if registration with the MRA should be done twice?

Yes.

1.3. A GIIN is required for FATCA registration on MRA website. How does the entity obtain the GIIN?

The entity must register with the IRS to obtain a GIIN. Upon receipt of the GIIN, registration can then be done on the MRA website.

1.4. If the message “Invalid or Inactive GIIN” appears upon registration, what needs to be done?

A mail should be sent to fatcacrsunit@mra.mu mentioning the following:

- the full name of the company
- the company's TAN
- the company's GIIN
- the screenshot of GIIN confirmation received from the IRS.

Needful will be done to enable you proceed with the registration process after two working days

2. General Questions

2.1. What is meant by the “responsible officer” required on the registration form of the MRA?

This is meant to be used by the MRA with respect to FATCA reporting. Ideally, it should be any designated officer dealing with FATCA.

2.2. Does the “responsible officer” for registration on MRA website need to be the same as “point of contact” for GIIN registration?

No.

2.3. What are the procedures to obtain a Tax Account Number (TAN) for a GBC 2?

A TAN will have to be applied for on the FATCA registration page of the MRA <https://eservices3.mra.mu/FATCA/fatca.html>. Once the form has been downloaded, filled in and signed, the form must be mailed to registration@mra.mu, together with the certificate of incorporation/ extract of trust deed, whichever is relevant.

2.4. Can you please confirm whether a Foreign Service Provider can register from abroad and report to the MRA on the Mauritius Financial Institution (MFI)?

The MFI will have to register with the MRA with a local address to which the password will be sent. The login information can then be transmitted to a third party (local or foreign) if the MFI thinks fit. The responsibility to report FATCA information however remains with the MFI.

2.5. Section 9.9 of the MRA FATCA Guidance Notes provides that reporting for FATCA has to be in XML format. Please provide additional details.

FIs are under the obligation to report their FATCA information in XML format which is a requirement of the IRS. The responsibility to make necessary arrangements in this sense rests with the FIs. The MRA is responsible for transmitting the information to the IRS and only validates the format. The MRA will not, in any case, tamper with the contents of the XML file. It would therefore be advisable to work together with your IT Department to solve any problem your organisation might encounter with XML format or any other IT requirement of the IRS.

2.6. Can the MRA provide us with a Format (a template FATCA reporting sheet) in which we will feed the information pertaining to FIs, for FATCA reporting purposes?

No, you are advised to consult the XML user guide available on the IRS website

2.7. IRS has set up an International Data Exchange Service (IDES) for transmission of FATCA data. Please confirm whether registration on IDES is applicable for Mauritius FIs?

Under FATCA Model 1A agreement which Mauritius has signed with the US, MRA registers with the IDES system of IRS to transmit files to the IRS. FIs do not have to register with the IDES as they do not transmit files directly to IRS.

FIs will need to register with the MRA in order to use the MRA E services for submission of FATCA information.

2.8. Is it possible for a third-party to report to the MRA on a sponsored Mauritian entity, for the purposes of FATCA, on behalf of its sponsoring entity based in another country?

Yes, according to the IGA, FIs, including sponsoring entities, can rely on third-party service providers to fulfil their FATCA obligations. However, the legal responsibility for ensuring that reporting is done correctly and properly remains with the FIs.

2.9. Please clarify on the delegation of the Reporting function to a third party provider.

The FI may allow a third party to register on its behalf so far as the required pieces of information (pertaining to the FI) are furnished at the time of registration.

Alternatively, FIs could register with the MRA and then assign the username and password to a third party who shall proceed with the reporting.

There exists the sponsoring route for FATCA reporting whereby another entity registers with the IRS as sponsoring entity in order to carry out FATCA reporting for its sponsored entity. In this case, it is the sponsoring entity which is required to register on the MRA portal using its GIIN.

2.10. Are both a sponsoring entity and its sponsored entities required to register on the MRA portal for FATCA purposes?

Sponsoring Entities reporting FATCA information on behalf of Mauritius sponsored entities will have to register with the MRA. Sponsored entities are not required to do so as they have not yet been allocated a GIIN by the IRS.

2.11. Does the sponsoring entity need a TAN?

Yes. If the sponsoring entity is not resident in Mauritius and does not have a TAN, it will have to liaise with the FATCA unit to obtain a „dummy TAN“.

2.12. Will a GBC 2 company be required to file periodical returns, other than that pertaining to FATCA, with the MRA?

No, the TAN allocated to any GBC 2 company will be used only for FATCA purposes.

2.13. Is NIL reporting required in case no US reportable accounts are identified by the FI?

NIL reporting is required in order to be in line with our local revenue law. A Sample NIL report can be downloaded from IRS website through the following link:

<http://www.irs.gov/pub/fatca/NilFIRReport.xml>

2.14. Is it possible for the MRA to send a password through email?

The password is normally despatched by post for security reasons. However, „the responsible officer for FATCA“ is allowed to collect the password directly at the MRA`s premises upon presentation of his/her ID card. In case the „responsible officer for FATCA“ is unable to collect the password, he/she can send any person with an authorization letter to collect the password on his/her behalf, upon presentation of the third party`s ID card. Please note that passwords can be collected at the MRA Operational Services Department (OSD) Mezzanine Floor 2 working days after registration is completed. (Between 09:00- noon and 13:00 – 16:15)

2.15. If an FI is established during the year 2015, reporting should be done in 2016. Does it need to file a nil return in 2015?

No

2.16. Since trusts are required to apply for a TAN, please confirm whether each trust, if an FI, needs to register separately with the IRS for a GIIN.

Yes

2.17. What is the regulatory reporting year applicable to FIs?

It is the calendar year 01 January to 31 December.

2.18. One Client-one file basis

We are a Management Company and according to the nature of our business we have under our administration various clients who fit the definition of a „Financial Institution“. When doing the reporting, is it mandatory for us to report the information on a „one client-on e f il e“ basis or would it be fine if we bundle all the information into one single file and upload that on the website of the MRA?

The reporting should be done for each client separately.

2.19. When is the reporting required for pre-existing individual Low Value Accounts?

The review of Pre-existing Accounts that are **Low Value Accounts** at 30 June 2014 must be completed by 30 June 2016. If the review was not completed by 31 December 2014, then no reporting for such accounts is required by 31 August 2015. However, a nil reporting will be required if no other reportable accounts are identified. The pre-existing Low Value Accounts must be reported in the reporting period in which it is identified.

Example:

The due diligence procedures are carried out on a Lower Value Account in April 2015 and the account is determined as reportable. The FI is only required to report on the account information for the year ending 31 December 2015 onwards.

2.20. When is the reporting required for pre-existing individual High Value Accounts?

The review of Pre-existing Accounts that are High Value Accounts at 30 June 2014 must be completed by 30 June 2015. If a High Value Account is identified as a reportable account in a review carried out before 31 December 2014, the account must be included in the 2014 FATCA report. Otherwise, the account becomes reportable from the year in which it is identified.

Example:

Due diligence procedures are carried out on a High Value Individual Account in March 2015 and the account is determined as reportable. The FI is required to report on the account for calendar year 2015 and subsequent years only.

2.21. What is the procedure for submitting corrected and/or amended data? What types of data can be re submitted?

Procedure for submitting corrected or amended data will be the same as the submission of a new report. Please refer to the FATCA XML User Guide for preparing corrected or amended reports. The following types of data can be included in corrected or amended reports:

1. Corrected Data is used for records being re-transmitted after the IRS has notified the sender of a problem with the file or underlying data. Corrected Data should ONLY be used when responding to an IRS request to correct the data. (not used for Decryption, XML or other file-level errors).
2. Amended Data is used to amend a record(s) previously transmitted to, received and processed by the IRS, but is later found to contain erroneous information.
3. Void Data is used to erase previously-filed records when data needs to be re-transmitted.

3. Financial Institutions (FIs) & Non Financial Foreign Entities (NFFEs)

3.1. CIS entitlement to benefit from IGA Annex II exemptions

To determine whether a Collective Investment Scheme (CIS) is a „Qualified CIS” and therefore is eligible for exemption from registration and reporting, it seems that the CIS will first need to conduct FATCA client due diligence to confirm who are the account holders in the CIS. Would such client due diligence be required to follow the same procedures as FIs would undertake under the Guidance Notes to identify US Reportable and Non-Reportable Accounts?

Yes, client due diligence has to be carried out before ascertaining whether the CIS is entitled to benefit from IGA Annex II exemptions. Due Diligence has to be carried out as per the provisions of the IGA.

3.2. Are companies in liquidation or winding up required to register and report for FATCA purposes?

Yes, due diligence will have to be carried out for accounts held as at dates specified in the IGA and report the balance of reportable accounts as at the respective dates.

3.3. If an FI has a sole shareholder which is a Participating FI, it seems that it will be regarded as registered deemed compliant. In this case, does the FI still need to submit a return to the MRA?

An institution falling within the category of Registered Deemed Compliant must register with the IRS and obtain a GIIN but is only required to report information in specific circumstances. Paragraph 2.11 of our Guidance Notes offers a detailed understanding.

3.4. If an FI was established prior to or during the year 2014 (e.g. Dec 2014) but following discussions with tax advisors/counsels, the company was registered with IRS in March 2015. Please confirm whether a return should be filed with the MRA for 2015.

Yes.

3.5. Where there is a single trustee resident in Mauritius, should the trust apply for a TAN?

Yes, in the case of non-resident trusts with at least one trustee being resident in Mauritius, the trust will be considered as resident and will have to apply for a TAN.

3.6. Do trustee documented trusts need to separately register with the IRS?

No, trustee documented trusts are certified deemed compliant FFIs under Annex II of the IGA.

3.7. We would like to know whether the concept of Non-Participating Financial Institution (NRFI) (classified due to non-compliance) will be applicable for the 2015 reporting year and the time frame for the IRS to classify non-compliant entities or NRFIs.

The IRS has advised that the financial institution's status will be determined at the conclusion of the procedures for significant non-compliance in accordance with the IGA after 18 months.

4. IT related questions

4.1 Please advise if XML Notepad ++ is suitable for the FATCA conversion for the schema?

Notepad ++ is a text editor which has an XML plug-in and can be used for editing XML files. It is just an editor. It is not software to generate the FATCA XML file by itself.

4.2 One of our companies has a FATCA reporting obligation. I seek your advice on the software required to generate FATCA files as well as opening those files.

MRA neither provides nor recommends any software for FATCA reporting as MRA is vendor neutral. The FI should generate the XML file (from internally maintained data) as per the US IRS XML schema and XML User Guide by making use of either external or internal resources.

The role of the MRA is to allow FIs to submit their FATCA reports electronically and then transmit them to the IRS. The MRA also informs FIs and displays notification messages on their FATCA login on the MRA FATCA Portal as and when received from the IRS.

4.3 Does the MRA E services platform allow manual input for reporting account` information or does it only provide for uploading of XML file?

The MRA E services provides for uploading of XML files only. Each FI has the responsibility for the generation of its FATCA report as per the XML specifications of the IRS.

4.4 What version of XML is required for FATCA reporting?

The IRS website gives the XML Schema Description (XSD files) which must be used to generate (and then validate) the XML FATCA report which is expected of the FI.

FIs will have to abide to the latest FATCA XML User Guide when submitting files to MRA for onward submission to the IRS.

4.5 Is there a validation tool, online or offline, available to check our XML files for the FATCA reporting?

The IRS itself does not offer such a tool. However, the MRA provides a test platform which can be used to validate FATCA reports generated by FIs.

4.6 When uploading the XML file on MRA E services, is there any encryption and/or digital signature required for the XML file? And does the reporting entity need to obtain a digital certificate?

No encryption needs to be done by the FIs when submitting XML FATCA reports to the MRA. This will be done by MRA before transmission to IRS.

MRA will also communicate with the IRS by using a valid digital certificate owned by the MRA.

Authentication of an FI when it is filing its XML FATCA report on MRA E services will be done by username/password and will not require (for the time being) any digital certificate on the part of the FI.

4.7 Grateful if you would confirm that the data transferred by an FI to the MRA for onward transmission to the IRS is being done through a secured channel (given that the XML Files transmitted to MRA by an FI does not need to be encrypted).

Submission of FATCA Reports by an FI to the MRA is according to the same secured protocol and security levels used when the FI (as a taxpayer) files its various tax returns with the MRA. MRA encrypts FATCA reports submitted by the FI before transfer to the IRS using secured file transfer protocol. The MRA has been successfully assessed by the IRS for its capacity to receive and transmit FATCA reports as per the strict security and confidentiality policies of the IRS.

4.8 We tried to upload a NIL XML file using the standard IRS XML schema for XYZ COMPANY (MAURITIUS) LIMITED and are receiving the following message: “Invalid Receiving Country. Receiving Country (MU) should be US. Please verify your file and use a correct Receiving Country.”

The Receiving Country should be US and not MU as the IRS is the Competent Authority which is the intended recipient of the message and will process the report.

5. Error Notification from the IRS

5.1. The following error notifications are being received from the IRS: „Invalid TIN“ or „GIIN not populated“. How should I proceed?

Invalid TIN

Following our query sent to the IRS regarding error reports forwarded to FIs, the IRS has advised that with regards to TIN reporting there should be no punctuation in the TIN line (no dashes).

GIIN

Where the error message received is „GIIN not populated“ and the field name is „Reporting FI/TIN“, the GIIN has to be inserted instead of the TIN. This is explained in detail in the XML User Guide published by the IRS.

5.2. Some FIs do not provide account numbers to their customers. The IRS is still asking us to insert an account number although this field is not mandatory as per the XML User Guide. Please provide guidance.

For the purposes of FATCA reporting, if the FIs have no account numbering system, „NANUM“ has to be inserted in the reports for no account number. (Please refer to the XML User Guide for more information).