



**BARBADOS
REVENUE AUTHORITY**

FATCA

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ANTHONY GITTENS &

Background

INTER-GOVERNMENTAL AGREEMENT

- ✓ Barbados & U.S signed the IGA in Nov. 2014
- ✓ Model 1A reciprocal agreement
- ✓ 10 articles and 2 annexes
- ✓ Article 2 – what is to be transmitted

INTER-GOVERNMENTAL AGREEMENT

- ✓ Article 3 – Time and Manner of EOI
- ✓ Annex 1 – Due Diligence
- ✓ Annex 11 – Exempt Beneficial Owners
Deemed Compliant FFI

IRS ASSESSMENT OF BRA READINESS

- ✓ Legal Infrastructure
- ✓ Monitoring and Enforcement
- ✓ Infrastructure
- ✓ Information & Security Management

The Authority's EOI Unit

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AMENDMENTS TO THE INCOME TAX ACT

- ✓ Treaty information can only be used for tax purposes only
- ✓ Institution of Information Security Policies

Legal Framework

Income Tax (Automatic Exchange of Information) Regulations 2015

INCOME TAX (AUTOMATIC EXCHANGE OF INFORMATION) REGULATIONS 2015

Part I - Preliminary

Part II – Reporting Requirements

Part III – General Provisions

DUTIES OF FINANCIAL INSTITUTIONS

DUTY TO NOTIFY THE AUTHORITY

- ✓ Name
- ✓ GIIN
- ✓ Principle Contact Person for FATCA Compliance
- ✓ Type of Financial Institution
- ✓ Certified Copies of the FIs Incorporation Documents

DUTIES OF FI

- ✓ Identify US Reportable Accounts in accordance with the due diligence standards set out in Annex 1 of the IGA
- ✓ Obtain Information on Reportable Accounts
- ✓ Transmit the Information Collected by July 31 annually
- ✓ Comply with the IRS Registration Requirements

OBLIGATION TO OBTAIN AND EXCHANGE INFORMATION

- ✓ For the reporting year 2014 and 2015, the obligation to obtain and exchange information and the Transitional Provision must be read in tandem.

REPORTING INFORMATION FOR THE YEAR 2014

1. Account Holder name.
2. Address of the Account Holder.
3. US TIN where applicable
4. The account number or the functional equivalent of an account number
5. The name and identifying number of the Reporting Financial Institution.
6. The account balance or value as of the end of the reporting period.

REPORTING INFORMATION FOR THE YEAR 2014

1. The Annual Amount Reported To The Policy Holder As The Surrender Value Of The Account,

OR

2. The Surrender Value Of The Account As Calculated By The Company On 31 December; and
3. Any Part Surrenders Taken During The Policy Year

REPORTING INFORMATION FOR THE YEAR 2015

Custodial Accounts:

1. The total gross amount of interest paid or credited to the account.
2. The total gross amount of dividends paid or credited to the account.
3. The total gross amount of other income paid or credited to the account.

Depository Accounts :

1. The total amount of gross interest paid or credited to the account.

REPORTING INFORMATION FOR THE YEAR 2015

- ✓ Accounts other than Custodial or Depository Accounts:
- ✓ The total gross amount paid or credited to the account including the aggregate amount of any redemption payments made to the account.

REPORTING INFORMATION FOR THE YEAR 2016 & SUBSEQUENT YEARS

- ✓ All of the above
- ✓ The total gross proceeds from the sale or redemption of property paid or credited to the account in relation to a Custodial Account

NIL REPORTING

- ✓ Nil Reporting Required



REPORTING CLOSED OR DORMANT ACCOUNTS

- ✓ The balance on the day of closure or surrender must be reported
- ✓ Dormant Accounts must also be reported

REPORTING THRESHOLDS & DUE DILIGENCE

No.	Type of Account	Balance or Value	Procedure in Annex 1 of the Treaty to be Applied	Account to which Due Diligence procedures apply
1.	Preexisting Individual Account/ Depository Account	Does not exceed USD \$50,000 at June 30 th 2014	Paragraphs II.A & II.B of Annex 1	Account not required to be reviewed, identified or reported
2.	Preexisting Individual Account that has a Cash Value/ Insurance Contract / Annuity Contract	Does not exceed USD \$250,000 as at June 30 th 2014	Paragraphs II.A & II.B of Annex 1	Account not required to be reviewed, identified or reported
3.	Preexisting Individual Account/ Depository Account	Exceeds USD \$50,000 as at June 30 th 2014 and over but does not exceed USD \$1,000,000.00	Paragraphs II.B & II.C of Annex 1	Due Diligence procedures apply
4.	Preexisting Individual Account that has a Cash Value/ Insurance Contract / Annuity Contract	Exceeds USD \$250,000 as at June 30 th 2014 but does not exceed USD \$1,000,000.00	Paragraphs II.B & II.C of Annex 1	Due Diligence procedures apply
5.	Preexisting Individual Account/ Depository Account/	Exceeds USD \$1,000,000.00 as at June 30 th 2014, December 31 st 2015 and all other subsequent years	Paragraphs II.D & II.E of Annex 1	Due Diligence procedures apply
6.	New Individual Account- Depository Account & Account that has a Cash Value/ Insurance Contract / Annuity Contract opened on or after July 1 st 2014	Does not exceed USD \$50,000.00	Paragraphs III.A & II.E of Annex 1	Account not required to be reviewed, identified or reported

RECORD KEEPING BY FI

- ✓ Duty to Establish and Maintain Procedures to Identify Us Reportable Accounts
- ✓ Ensure that the Due Diligence Procedures in Annex 1 are applied as required
- ✓ Keep Records , Books Or Documents To Substantiate That The Information In The Reporting Requirements Are Accurate And Complete
- ✓ Provide Copies Of The Above If Required
- ✓ If Info Is Outside Of Bdos, Bring It To Bdos Within The Time Specified By The RC.
- ✓ Records Must Be Kept Of 5 Years

RECORD KEEPING -OFFENCES

- ✓ Failure to comply with keeping records, information, documents above plus failure to:
- ✓ Fraudulently or negligently making a false report
- ✓ Destroying, mutilating, defacing, hides information
- ✓ Wilfully obstructs an inquiry of the authority
- ✓ Implement Arrangement/Procedures to comply with regulations
- ✓ FINE OF \$50,000.00/ PRISON TERM OF 2 YEARS

FI SUBMITS INFORMATION THAT CONTAINS MINOR ERRORS

- ✓ The Authority shall inform FI of Minor Errors
- ✓ The Authority Shall Request A New Return/Corrected Information
- ✓ The New Information Must Be Submitted In 14 Days

FI SUBMITS INFORMATION THAT CONTAINS SUBSTANTIAL ERRORS

- ✓ Substantial Errors must be resolved within 18 months
- ✓ Failure to comply with a substantial error is \$50,000.00

OFFENCES AND PENALTIES

- ✓ A Barbados F.I. which fails to :
 - Submit New/Corrected Return
 - Penalty: \$50,000

OFFENCES AND PENALTIES

- ✓ Wilfully Obstructs An Enquiry of The RC
- ✓ Penalty: Fine \$50, 000/ Imprisonment For 2 Years or Both

Administrative Procedures

TRANSMISSION DATE – FI TO THE AUTHORITY

- ✓ July 31
- ✓ Failure to comply = imposition of penalty
- ✓ Penalty = \$50,000.00 and/ or \$5000.00 per day
- ✓ Procedure for imposing penalty

RIGHT TO APPEAL

- ✓ IF FIs are aggrieved by a penalty, they may:
 - Appeal to the Barbados Revenue Authority Appeals Tribunal
 - 14 days of notice

- ✓ GROUNDINGS FOR APPEAL
 - Liability does not Arise Under The Regulations
 - The Amount of The Penalty

PROCEDURE FOR APPEAL

- ✓ Write to the Tribunal in accordance with the Tribunal's Procedures
- ✓ Write To The Authority. This must be addressed to the RC.
- ✓ Must state the Grounds of Appeal


DECISION OF THE TRIBUNAL

- ✓ Confirm the Assessment
- ✓ Cancel the Assessment

APPEAL TO HIGH COURT

An FI aggrieved by a decision of the Tribunal may

- Appeal to a Judge in Chambers within 30 days after the reassessment of the penalty by the Tribunal.



**THE SCHEMA,
HOW TO REPORT**
QUINCEY JONES

INTRODUCTION

There are three main parts involved in getting this information from the persons reporting and then on to its final destination, the FATCA IRS.

1. XML and XML SCHEMA
2. ENCRYPTION, DATA TRANSMISSION AND SECURITY STANDARDS
3. SFTP SERVER

XML / XML SCHEMA

- ✓ EXPLAIN HOW SCHEMA WORKS
- ✓ SHOW LINK TO SCHEMA
- ✓ SHOW SCHEMA FORMAT
- ✓ VALIDATION OF SCHEMA

FATCA WEBSITE

- ✓ <http://www.irs.gov/Businesses/Corporations/FATCA-XML-Schemas-and-Business-Rules-for-Form-8966>
- ✓ **The name of the file is FATCA XML v1.1**

SCHEMA EXAMPLE

```
<!-- Financial Institution Account Number -->
  <xsd:simpleType name="FIAccountNumber_Type">
    <xsd:annotation>
      <xsd:documentation xml:lang="en">Account number definition </xsd:documentation>
    </xsd:annotation>
    <xsd:restriction base="xsd:string" />
  </xsd:simpleType>
<!-- Payment -->
<xsd:complexType name="Payment_Type">
  <xsd:sequence>
    <xsd:element name="Type" type="ftc:FatcaPaymentType_EnumType">
      <xsd:annotation>
        <xsd:documentation xml:lang="en">Type of payment (interest, dividend,...)</xsd:documentation>
      </xsd:annotation>
    </xsd:element>
    <xsd:element name="PaymentAmnt" type="sfa:MonAmnt_Type">
      <xsd:annotation>
        <xsd:documentation xml:lang="en">The amount of payment</xsd:documentation>
      </xsd:annotation>
    </xsd:element>
  </xsd:sequence>
</xsd:complexType>
<!-- Account Holder Type -->
<xsd:complexType name="AccountHolder_Type">
  <xsd:sequence>
    <xsd:choice>
      <xsd:element name="Individual" type="sfa:PersonParty_Type" />
      <xsd:sequence>
        <xsd:element name="Organisation" type="sfa:OrganisationParty_Type" />
        <xsd:element name="AcctHolderType" type="ftc:FatcaAcctHolderType_EnumType" />
      </xsd:sequence>
    </xsd:choice>
  </xsd:sequence>
</xsd:complexType>
```

VALIDATION OF XML

Validation Process:

1. You create your XML document with the requested data based on the schema on the IRS FATCA site
2. The schema is then used to check against the document structure and constraints. This is called validating against the schema.

ENCRYPTION, DATA TRANSMISSION AND SECURITY STANDARDS

EXAMPLE OF PUBLIC-PRIVATE KEY

Step 1: Give your public key to the sender



Step 2: Sender uses your public key to encrypt the plaintext



Step 3: Sender gives the ciphertext to you



Step 4: Use your private key (and passphrase) to decrypt the ciphertext



ENCRYPTION, DATA TRANSMISSION AND SECURITY STANDARDS

1. The Authority give a public key to you, the person sending the file
2. You the sender, use this public key to encrypt the information being sent to us the (Authority)
3. The sender sends us this data, zipped and encrypted by way of a SECURE MEDIUM, our Secure FTP server
4. The file is unzipped and we use our private key to decrypt this data.

SFTP SERVER- SECURE FILE TRANSFER PROTOCOL (SFTP**) SERVER**

- ✓ Log on to SFTP Server
- ✓ Unique User Name / Password given to Financial Institution
- ✓ Send the data file using the Public-Private Key encryption
- ✓ The Authority will verify and validate the file for transmission to IRS
- ✓ If errors are found the system will send email notification to the particular entity.

THANK YOU