Global FATCA reporting for wealth and asset management
Alternative investment funds and holding companies need to urgently address fast-approaching Foreign Account Tax Compliance Act (FATCA) reporting requirements for 112 (Model 1) and (Model 2) jurisdictions with which the US has concluded intergovernmental agreements (IGAs). The Cayman Islands and other common fund domicile jurisdictions require reporting as early as May 2015. Reporting requirements are expected to increase in volume with UK Crown Dependencies and Overseas Territories (CDOT) and Common Reporting Standard (CRS) reporting after 2015. EY has developed a FATCA reporting toolkit, FIRST (FATCA In-Country Reporting Submission Tool), and a cost-effective reporting approach to help financial institutions deal with these challenges.

Who needs to report?
- Non-US alternative investment funds and holding companies with reportable US investors and certain reportable non-US investors
- US alternative investment funds with certain reportable non-US investors
- Nil returns may be required for certain non-US alternative investment funds and holding companies without any US investors or reportable accounts

What needs to be reported?
- New investors between 1 July 2014 and 31 December 2014 and certain pre-existing investors who are documented US persons
- Account holder balances and account holder details
- In some countries, other types of customers will need to be reported (e.g., pooled reporting for non-IGAs)
- Nil returns in some countries

When must reports be submitted?
- Varies by country – mostly between 31 March and 31 July 2015

How does reporting take place?
- Manual data entry in some cases
- XML files submitted to tax authorities, with variations by country

Progressive increase of the tax reporting requirements

- 30 countries confirmed their reporting timelines with reporting started as early as May 2015 for common fund domicile jurisdictions such as the Cayman Islands and British Virgin Islands.
- 68 countries still need to confirm their timelines so that they could report by 30 September 2015 to the US Government.
EY’s Global Tax Reporting Service (GTRS) is a cost-effective, sustainable reporting solution for FATCA and CRS

GTRS will have the people, processes, technology, data management and governance to:
- Onboard your business operation onto the GTRS platform rapidly, including sourcing and mapping your data
- Operate a tax reporting service that efficiently imports your data and generates compliant reports for transmission to the appropriate tax authorities on an annual basis
- Innovate GTRS services to continuously adapt for changing regulatory requirements and to drive performance improvement

The end-to-end reporting process is conceptually straightforward, but its complexities should not be underestimated.

**Source data**
- Identify data sources from all relevant entities, jurisdictions and business units:
  - Reference data
  - Balance data
  - Transaction data
  - Assess data quality and remediate issues

**Aggregate, review and approve**
- Aggregate data
- Review and approval by appropriate officers

**Produce reports**
- Convert into correctly formatted output files (typically XML) per schema requirements for each jurisdiction
- Create nil reports as required
- Create pooled reports as required

**Submit reports**
- Encrypt file or use defined secure transmission process
- Receive confirmation of successful submission

**Manage post-reporting events**
- Manage queries and answers from and to the IRS and other tax administrators, competent authorities and investors
- Submit reporting amendments and voids if needed
- Maintain a record of past submissions

**FIRST: EY’s proprietary tactical tool to enable reporting, in response to market demand**

**FIRST’s Key features:**
- Facilitates FATCA reporting through a light-touch tool
- Offers user access controls and full audit records
- Accepts manual data entry or CSV file upload
- Produces XML reports for submission to tax authorities
- Supports multiple schemas; additional ones being added to meet the reporting deadlines
- Enables pre-submission data review
- Includes nil reporting functionality
- Designed for 2015 but with potential to be a longer-term solution

**Role:**
FIRST is suitable for a range of different scenarios:
- As an interim reporting solution while strategic solutions are in development
- As a longer-term solution where reportable customer numbers do not require the deployment of a strategic solution
- As a contingency option where the delivery of other reporting solutions is uncertain

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<tr>
<th>FIRST</th>
<th>Spreadsheet</th>
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<td>CVS input</td>
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<td>Pre-submission review process</td>
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<td>Nil reporting integrated</td>
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<td>Support and maintenance</td>
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In each jurisdiction, tax authorities will issue specific guidance and schemas for FATCA, CRS and CDOT

There are 112 countries that potentially require reporting of US investors: 98 Model 1 and 14 Model 2 IGA countries. With respect to Model 1 IGA countries, 30 countries have confirmed the timing of reporting and 60 countries have not, but all countries will have to report by 30 September 2015.

- **IGA Model 1**: The first model of an IGA makes it easier for partner countries to comply with the provisions of FATCA. The IGA provides for a partnership agreement between the US and a FATCA partnership jurisdiction. Under this agreement, foreign financial institutions in partner jurisdictions will be able to report information on US account holders directly to their national tax authorities, who in turn will report to the IRS.

- **IGA Model 2**: In the second model of an IGA, financial institutions will report information directly to the IRS rather than their local jurisdictions.

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### EY key contacts

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<tr>
<th>Wealth and Asset Management FATCA</th>
<th>Americas FATCA</th>
<th>Central FATCA</th>
<th>West FATCA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jun Li <a href="mailto:jun.li@ey.com">jun.li@ey.com</a></td>
<td>Terry Cardew <a href="mailto:terence.cardew@ey.com">terence.cardew@ey.com</a></td>
<td>Kevin Glen <a href="mailto:kevin.glen@ey.com">kevin.glen@ey.com</a></td>
<td>Bryant Turner <a href="mailto:bryant.turner@ey.com">bryant.turner@ey.com</a></td>
</tr>
<tr>
<td>Dmitri V. Semenov <a href="mailto:dmitri.semenov@ey.com">dmitri.semenov@ey.com</a></td>
<td>Neil Bromberg <a href="mailto:neil.bromberg@ey.com">neil.bromberg@ey.com</a></td>
<td>Anthony Calabrese <a href="mailto:anthony.calabrese@ey.com">anthony.calabrese@ey.com</a></td>
<td>David Williams <a href="mailto:dwilliams2@uk.ey.com">dwilliams2@uk.ey.com</a></td>
</tr>
<tr>
<td>Maria Murphy <a href="mailto:maria.murphy@ey.com">maria.murphy@ey.com</a></td>
<td>Mike Mannisto <a href="mailto:mike.mannisto@ky.ey.com">mike.mannisto@ky.ey.com</a></td>
<td>Asia-Pacific FATCA</td>
<td>Linda Henry <a href="mailto:lhenry@uk.ey.com">lhenry@uk.ey.com</a></td>
</tr>
<tr>
<td>Jim Kickham <a href="mailto:jim.kickham@ey.com">jim.kickham@ey.com</a></td>
<td>Bill Bailey <a href="mailto:bill.bailey@bm.ey.com">bill.bailey@bm.ey.com</a></td>
<td>Florence Carr <a href="mailto:florence.carr@hk.ey.com">florence.carr@hk.ey.com</a></td>
<td>David Watts <a href="mailto:dwatts@uk.ey.com">dwatts@uk.ey.com</a></td>
</tr>
<tr>
<td>Alexandra Cruz <a href="mailto:alexandra.cruz@ey.com">alexandra.cruz@ey.com</a></td>
<td>Chris Maiato <a href="mailto:chris.maiato@bm.ey.com">chris.maiato@bm.ey.com</a></td>
<td>Michael Stenske <a href="mailto:michael.stenske@hk.ey.com">michael.stenske@hk.ey.com</a></td>
<td>Amanda Murphy (Stone) <a href="mailto:amanda.murphy@ie.ey.com">amanda.murphy@ie.ey.com</a></td>
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