



FATCA OBLIGATIONS IN BRIEF

Summary of the basic matters

Background information on FATCA regulation

- There is FATCA agreement between Finland and the United States regarding the exchange of tax information.
- Based on the FATCA agreement Finland automatically sends tax related information to the United States and receives tax related information from the United States.
- In the Finnish tax regulation the obligations of the FATCA agreement have been implemented with special enactment, [Tax Assessment Procedure Act](#) section 17a and with [Introductory Regulation](#).
- The Finnish Tax Administration must effectively enforce and verify that financial institutions fulfill the obligations as set on the FATCA -agreement.

Are you a financial institution having the obligations set in the regulation?

- Please see The Finnish Tax Administration's [guideline](#) (in Finnish and Swedish) regarding FATCA -agreement

What are the obligations in practice relating to the FATCA agreement?

Finnish financial institutions must **identify** whether a customer's residence state for tax purposes is in the United States and **provide** information in an annual return to Finnish Tax Administration regarding assets and income of those clients, who are tax liable in the United States of America.

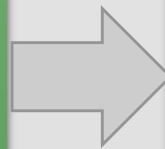
The obligations of financial institutions

Due diligence procedures

Financial institution must perform proper examination and identification of the account holders

→ is an account holder reportable person

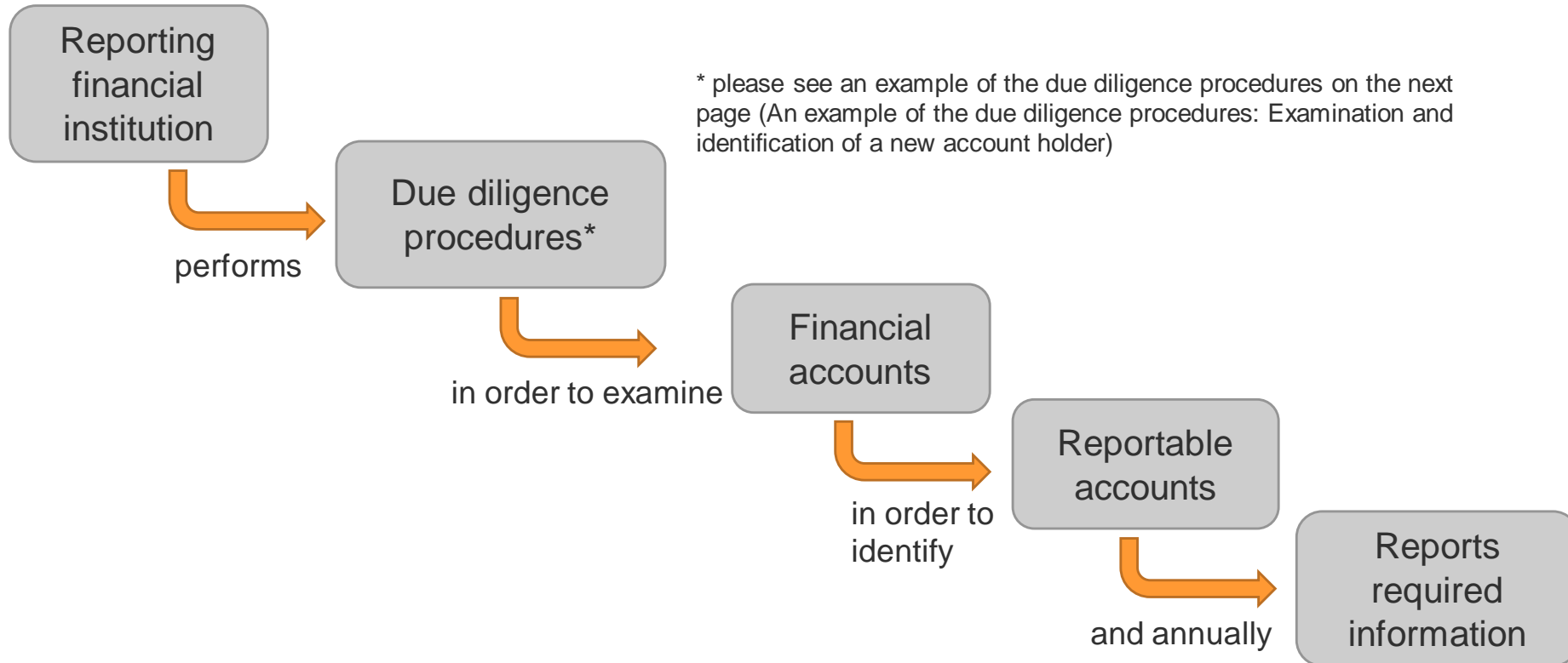
→ identification of the reportable accounts



Reporting obligations

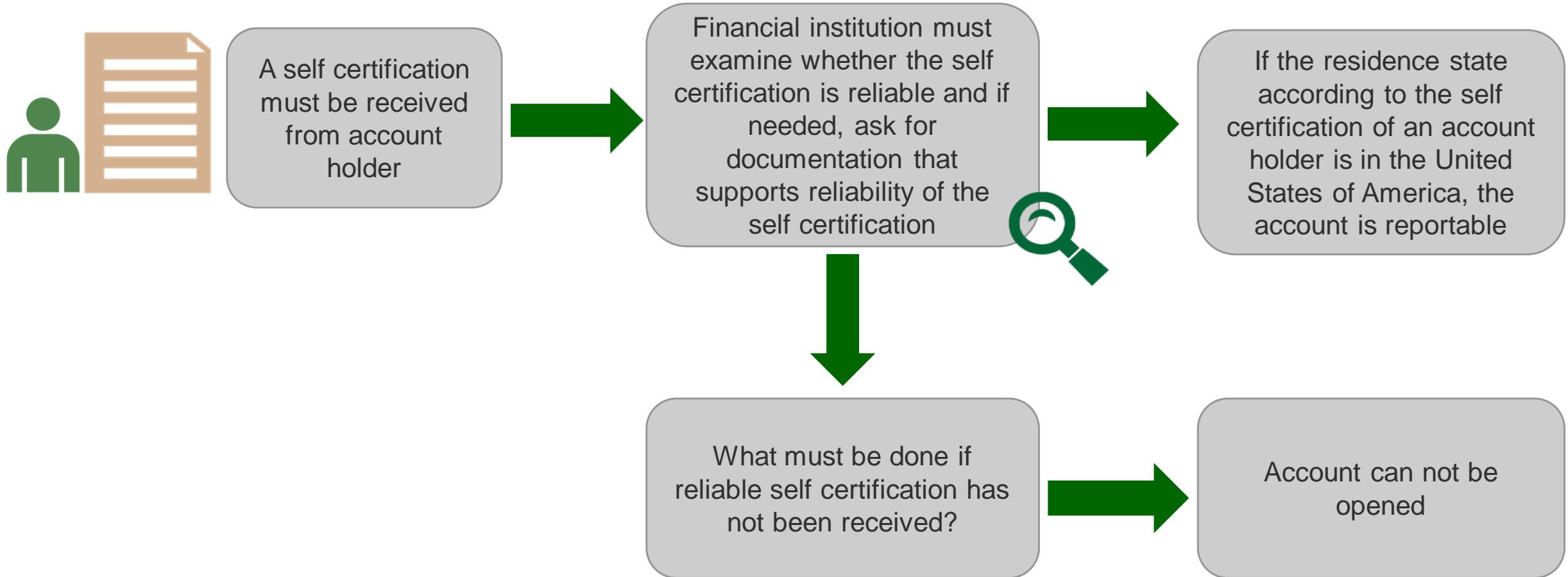
Financial institution must report all accounts that have been identified as reportable, and the correct information regarding these accounts

What should a reporting financial institution do?



Please notice! Financial institution must register to FATCA-register of the IRS (the US Tax Administration). The IRS provides guidance regarding registration process, if needed (the Finnish Tax Administration is not competent authority in FATCA-registration matters). Please see more information on [IRS website](#).

An example of due diligence procedures: Examination and identification of a new account holder



Please see more information regarding due diligence procedures in the Finnish Tax Administration's [FATCA - guidance](#), points 5 and 6, Proper due diligence procedures and Self certification (the guidance is only in Finnish and Swedish).

FATCA annual reporting

What needs to be reported?

- Information identifying the reporting financial institution (e.g. name and GIIN-number).
- Following information regarding every reportable financial account:
 - account number
 - account holder's (and controlling person's) identifying information, such as name, US tax number (US TIN)
 - account balance (as of 31.12.) or the closing balance of a closed account
 - payments made to the account during a year based on the assets in the account
 - some other information

PLEASE NOTICE: Detailed guidance on [Technical Instructions](#) (in Finnish and Swedish!



When this needs to be reported?

- Annual return should be provided every year.
- Information from the certain year should be reported by the end of January next year.
 - for example 2019 annual return should be filed on 31 January 2020 at the latest.

What if there are no reportable financial accounts?

Annual return should be filed anyway, if financial institution has registered to IRS FATCA register. In this case a so called nil return should be filed.

FATCA annual reporting

How to report?

- FATCA annual return should be filed via Ilmoitin.fi service.
- You need Katso-identifier.
- Annual return should always be in XML format, please see the example picture on the right.
- XML model returns can be found in the end of the Technical Instructions.

NOTICE: Please see more detailed guidance in [Technical Instructions](#) (in Finnish and Swedish)!



A sample part of an annual return XML file:

```
- <ftc:AccountReport>
- <ftc:DocSpec>
  <ftc:DocTypeIndic>FATCA1</ftc:DocTypeIndic>
  <ftc:DocRefId>ABCDEF.00000.AA.246.1234567-8-2017-1-123456789</ftc:DocRefId>
</ftc:DocSpec>
<ftc:AccountNumber AcctNumberType="OECD602">1234567890</ftc:AccountNumber>
<ftc:AccountClosed>false</ftc:AccountClosed>
- <ftc:AccountHolder>
- <ftc:Individual>
  <sfa:ResCountryCode>US</sfa:ResCountryCode>
  <sfa:TIN issuedBy="US">123456789</sfa:TIN>
- <sfa:Name>
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  <sfa:CountryCode>US</sfa:CountryCode>
  <sfa:AddressFree>123 WEST 123RD STR. APT. 123 NEW YORK, NY 10023 USA</sfa:AddressFree>
</sfa:Address>
- <sfa:BirthInfo>
  <sfa:BirthDate>1900-01-01</sfa:BirthDate>
</sfa:BirthInfo>
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</ftc:AccountHolder>
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- <ftc:Payment>
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  <ftc:PaymentAmnt currCode="EUR">1000.00</ftc:PaymentAmnt>
</ftc:Payment>
- <ftc:Payment>
  <ftc:Type>FATCA503</ftc:Type>
  <ftc:PaymentAmnt currCode="EUR">10000.00</ftc:PaymentAmnt>
</ftc:Payment>
</ftc:AccountReport>
```

details of an
account holder

balance of an
account and
payments to
an account

Role of the Finnish Tax Administration in FATCA information exchange

