

## KPMG AEOI Updates & Tracking Service FATCA Alert

<b>Date:</b>	13 May 2021
<b>Alert Type:</b>	Announcement
<b>Country:</b>	Panama
<b>Regime:</b>	FATCA

### Panama: Issued FATCA Notice on Default US TINs

In May 2021, the Panama Tax Authority issued a notice on a series of codes developed by the IRS that can be used by Reporting Financial Institutions (FIs) to fill in the unknown US Tax Identification Numbers (TINs). The following codes were developed to better understand the issues that Reporting FIs face when collecting US TINs:

- 22222222, for a pre-existing individual accounts with US place of birth being the only evidence.
- 33333333, for new individual accounts that (1) have evidence of a US place of birth and (2) either:
  - there was a change in circumstance/ account information that resulted in the self-certification collected at the time the original account was opened to be inaccurate or unreliable, and the new self-certification has not been collected or is unreliable, or
  - the account balance was below the threshold for collecting documents and reporting the account at the time of account opening but exceeded the threshold later and the self-certification was not obtained.
- 44444444, for pre-existing individual and entity accounts that have US indicia other than a US place of birth, and either:
  - there was a change in circumstance/ account information that resulted in the self-certification collected at the time the original account was opened to be inaccurate or unreliable, and the new self-certification has not been collected or is unreliable, or
  - the account balance was below the threshold for collecting documents and reporting the account at the time of account opening but exceeded the threshold later and the self-certification was not obtained.

### Panama Contacts:



**Jose Romero**

Partner

[jromero4@kpmg.com](mailto:jromero4@kpmg.com)

- 555555555, for a new individual or entity account with US indicia other than a US place of birth and either:
  - there was a change in circumstance/ account information that resulted in the self-certification collected at the time the original account was opened to be inaccurate or unreliable, and the new self-certification has not been collected or is unreliable, or
  - the account balance was below the threshold for collecting documents and reporting the account at the time of account opening but exceeded the threshold later and the self-certification was not obtained.
- 666666666, for pre-existing entity accounts with an account balance exceeding US\$1,000,000 held by a passive NFFE, for which no self-certifications have been obtained, and no US indicia has been identified in relation to its controlling persons.

The use of these codes is not mandatory for Reporting FIs. However, use of the codes does not ensure that FIs will not be at risk if found non-compliant in a significant way due to failure to report each required US TIN. The IRS will take into consideration all the facts and circumstances which led to the absence of each US TIN, such as whether the FI has adequate procedures in place to obtain the US TIN and efforts taken by the FI to obtain the TIN, for example contacting the account holders and annually requesting the missing TINs.

Further, the IRS system will continue to generate an error notification to indicate that the entry is invalid when one of the above codes is used. Beginning with the 2020 reporting year, the IRS system will no longer clear the error notification if FIs enter nine letters "A" or nine numbers "0" in the TIN information field. FIs will have 120 days to correct this error.

Reference (Spanish): [To be published on Ministry of Economy and Finance website](#)

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For additional summaries of the latest AEOI developments, please visit KPMG's TaxNewsFlash-FATCA/IGA/CRS Insights page, [here](#).

## Contact us

**Cyrus Daftary**  
**Principal**

+1 212 954 6096

[cdaftary@kpmg.com](mailto:cdaftary@kpmg.com)

**Laurie Hatten-Boyd**  
**Principal**

+1 206 213 4001

[lhattenboyd@kpmg.com](mailto:lhattenboyd@kpmg.com)

[www.kpmg.com](http://www.kpmg.com)

[kpmg.com/socialmedia](https://kpmg.com/socialmedia)



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