



THE ASSOCIATION OF  
QUALIFIED & AUTHORISED  
INTERMEDIARIES

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Dear Sirs and Madam,

**Re: Request for a deferral of the requirement to file 1042 electronically and a request for the issuance of an IRS Publication of the .xml format.**

AQAI is a trade association comprising sixty members representing Qualified Intermediaries and US tax service providers in the USA, UAE, Bermuda, Malta, Greece, Luxembourg, Germany, Norway, Cyprus, UK, Australia, Seychelles, Canada, Romania, Denmark, Bulgaria, Switzerland, India, South Africa, Taiwan, France, Netherlands and Austria.

We have received submissions from our members to respectfully request that the IRS defer the requirement to file forms 1042 electronically via the MeF system for a period of one year. Members also request that the .xml file format for 1042 reporting be made publicly available.

The purpose of the proposed deferral is to provide sufficient time for these firms to establish policies, procedures and systems to enable a more efficient compliance with US tax regulations. This will benefit the IRS and the financial community in general.

The IRS currently uses a variety of delivery mechanisms and file formats to receive data from the non-US financial intermediary community. These include the IDES system for FATCA reporting by non-IGA FFIs and Model 2 IGA FFIs using digitally certificated, compressed and encrypted files, the FIRE portal for manual 1042-S submissions via ASCII text file, the QAAMs portal for QI management and now, the MeF portal for 1042 using .xml formatted files. Each of these systems has different registration requirements and takes up substantial compliance resource, notwithstanding the effort involved in compiling the report data required by these systems.

Most of the approximately five thousand firms that are QIs and, we believe a large proportion of the estimated fifty-thousand non-qualified intermediaries, who should report, do not have an easy way to obtain an ITIN or register with ID.me as the precursor to registration in the MeF system.

It is of particular note that these firms cannot even obtain the .xml file format necessary to compile the 1042 form. Xml file formats are usually an open-source document type, as exemplified by ISO15022 and ISO20022, widely used in the industry. However, since this vital reference document is behind the MeF registration portal it remains unavailable to financial firms and vendors because the application process cannot be completed without a person with a US social security number identified as a responsible officer or principal. Non-US Financial firms and vendors generally do not have these people within their organisations nor direct relationships with them. Until this is resolved, these institutions cannot file as required under the regulations.



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The vendor and services community, represented in our membership, are also challenged by the MeF efile requirement, because they cannot gain access to the xml format information necessary to develop effective systems. Questions are also outstanding with respect to how such an xml format will handle the Schedule Q attachment for QDDs and how financial firms are to attach copies of 1042-Ss received from counterparties. We respectfully request the IRS consider issuing a Publication to the community to be consistent with existing Publications 1187 and 1220 used by the industry today, which can answer these questions.

Without general publication of the .xml file format together with detailed instructions, firms, including vendors, will be unable to develop their systems to support financial institution clients and financial institutions will be unable to submit their returns.

Without a deferral, we believe that many firms will be unable to prepare and may not file at all potentially placing an enormous self-imposed enforcement burden on the IRS.

We thank you for your kind attention to these requests. If you have any questions, please do not hesitate to contact me at the email address below.

Sincerely

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