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FBAR FINCEN 114 E-FILE GUIDE

FOR TAX YEAR 2022

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CHAPTER 1: FBAR FINCEN 114 E-FILE

The FinCEN Report 114, *Report of Foreign Bank and Financial Accounts (FBAR)*, is used to report a financial interest in or signature authority over a foreign financial account. The FBAR is an annual report that must be received by the Department of the Treasury on or before April 15 of the year immediately following the calendar year being reported. The April 15 filing date may not be extended.

The FBAR is not filed with a tax return and is not filed with the IRS. FinCEN (Financial Crimes Enforcement Network) is the Treasury Department bureau responsible for administering FBAR requirements. The FBAR must be filed electronically through FinCEN's BSA E-Filing System, or e-filed through FinCEN's batch filing process using a third-party transmitter.

CHAPTER 2: GENERAL REQUIREMENTS

In e-filing your FBARs through our software, you will be using some of the same basic steps used when e-filing a tax return.

1. **Complete and review your FBAR(s) within a return**. Only one FBAR can be prepared in a return, with the exception of 1040 returns.

   For 1040, separate FBARs can be prepared for taxpayer and spouse.

   Multiple financial accounts can be included on a single FBAR.

   FBARs for Individual Filers must be prepared within the 1040 returns.

2. **Run a full re-compute of the return and then generate a validation file**. In the e-file folder within the FBAR Organizer, generate the validation file. Rather than programming an extensive list of reject diagnostics, input errors and omissions are detected using the validation process. With an XML file generated for validation, errors are accessed through the **View > Diagnostics > Efile XML Validations Errors > FBAR** menu. Each error explains the specific item that must be completed, and double-clicking takes you to the specific field in the FBAR for correction. Repeat this process until all errors are eliminated.

   1040 Returns: Within a 1040 return, separate FBARs can be prepared for taxpayer and spouse. If separate FBARs are prepared, separate validation files should be generated. But note that the validation errors shown under **View > Diagnostics** only display errors from the last generated validation file. Therefore, generating a validation file and correcting errors for one FBAR before validating the second FBAR might be more efficient.

Figure 2:1

3. **Create FBAR e-file and review using the E-file Viewer**. After eliminating all errors through the validation process, create the FBAR e-file in the e-file folder within the FBAR Organizer. The E-file Viewer displays the contents of the FBAR. While the e-file that is transmitted to FinCEN is a *text-based file*, the E-file Viewer displays information as an XML file. The FBAR information can also be viewed as a PDF file.

   1040 Returns: If separate FBARs are prepared for taxpayer and spouse, separate FBAR e-files should be created. The E-file Viewer displays both the taxpayer and the spouse FBARs as separate files.

4. **Submit the qualified FBAR e-file.**

Figure 2:2

a. In RS Browser, select **Returns Processing > E-File > Select Returns**.

b. On the **Create E-file Batches** screen, enter the **Account**, **Year**, **Type**, and **Sort List by** information.

c. Select *Other Forms* for the **E-file Type**.

d. Select the *Federal ready to send* check box.

e. Click **Continue** to display the qualified FBARs meeting your search criteria.

1040 Returns: If separate FBARs are prepared for taxpayer and spouse, and both FBARs are qualified, each FBAR is displayed in the search results. Each FBAR is displayed with identical locator numbers and taxpayer names.

Example of taxpayer and spouse FBARs are shown below:

1040 Returns Found in Account H986:

2 records returned.

All	Select	Return	Juris Abbr.	Juris Description	Taxpayer Name	Client Code	E-File Status	Direct Debit In Return
☑	☑	6435IS	FED	Federal FBAR	Thomson, Taxpayer & Thomson, Spouse		Qualified	N
	☑	6435IS	FED	Federal FBAR Spouse	Thomson, Taxpayer & Thomson, Spouse		Qualified	N

Submit For E-File	Select All	Deselect All	Cancel	Next 10

Figure 2:3

5. Monitor the e-file status.

   a. In RS Browser, select **Returns Processing > E-File > Status Report**.

   b. Select your search criteria on the **E-file Status** screen, and then click **Continue**.

   c. Use the scroll bar to display the FBAR e-files, which are shown in the **Juris Description** column with the status displayed in the **E-file Status** column.

Figure 2:4

   d. Slide to view the **Cumulative e-File History**. The acknowledgment information when received is shown in the **Date Sent** and **Date Ack.** columns. The **Submission ID**, also known as the *BSA Identifier*, is issued by FinCEN. You will need the BSA Identifier if filing a corrected FBAR.
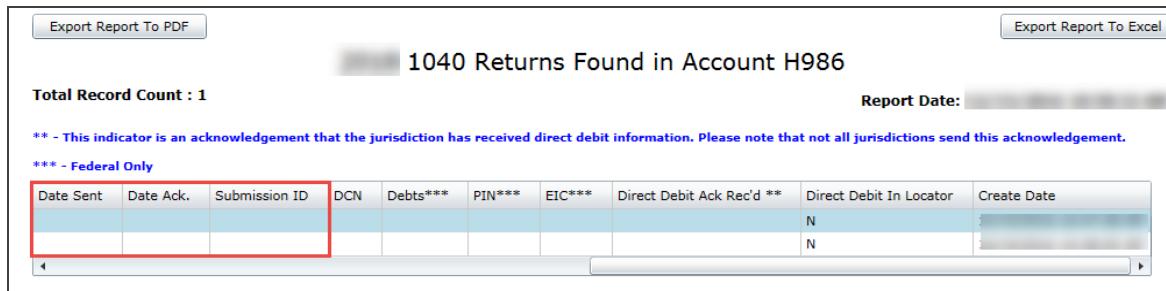
Figure 2:5

CHAPTER 3: E-FILING DIFFERENCES BETWEEN FBAR AND MEF

The following table shows some of the basic differences between filing a MeF return and FBAR

	MEF	FBAR
TRANSMISSION	Federal and states transmitted to IRS	Through the FinCEN batch filing system
FORMAT	XML	XML
ATTACHMENTS	PDF attachments may be included	Attachments are not allowed
EFIN	Required to e-file	Not applicable
SIGNATURE	PIN signature or attached Form 8453 PDF	When filing through the FinCEN batch filing system using a third party, Form 114a is signed and retained by the filer and the third party.
ERRORS	The IRS and states may reject returns for validation errors and business rule validations.	Two types: 1. **Fatal Error** – the FBAR will be rejected. 2. **File Error** – the FBAR will be accepted, but must be refiled as a corrected report.

XML FORMAT

Part of the FBAR text file is shown below in XML format:

```
- <PartII>
    <RecordType>3A</RecordType>
    <SequenceNumber>1</SequenceNumber>
  - <FBARMax>
      <Amount>450000</Amount>
    </FBARMax>
  - <FBARTypeofAccount>
      <Bank>A</Bank>
    </FBARTypeofAccount>
    <FinancialInstitutionNameItem17>Bank of Canada</FinancialInstitutionNameItem17>
    <AccountNumberItem18>7897700004178</AccountNumberItem18>
    <AddressItem19>1400 Maple Leave Drive</AddressItem19>
    <CityItem20>Toronto</CityItem20>
  - <Country>
    - <NorthAmericanCountry>
        <StateItem21>ON</StateItem21>
        <t>987877</t>
        <CountryItem23>CA</CountryItem23>
      </NorthAmericanCountry>
    </Country>
  </PartII>
- <PartII>
    <RecordType>3A</RecordType>
    <SequenceNumber>1</SequenceNumber>
  - <FBARMax>
      <Amount>330040</Amount>
    </FBARMax>
  - <FBARTypeofAccount>
      <Bank>A</Bank>
    </FBARTypeofAccount>
    <FinancialInstitutionNameItem17>Banco de Portugal</FinancialInstitutionNameItem17>
```

Figure 3:1

SIGNATURE

FBARs may be completed and filed on behalf of the filer and/or owner of the foreign account(s) by a third party preparer. The filer or owner, who is using a third party preparer, should complete and maintain a record of FinCEN Form 114a, *FinCEN BSA E-Filing Signature Authorization Record*, to authorize the third party filing. Copies of Form 114a must be retained by the filer/owner and the person authorized to file on behalf of the filer/owner for a period of five years, and be made available to FinCEN or IRS on request. Spouses filing a joint FBAR also may use the Form 114a to approve/designate which spouse will sign the report.

ACKNOWLEDGMENTS

The acknowledgment information shown in the **E-file Status** reports shows the **Status** and the **Submission ID**.

1. Navigate in the browser to **Returns Processing > E-file > Status Reports**.

2. Select the return criteria including **Account**, **Year**, Tax **Type**, and **Sort List By** information.

3. Select the **E-file Type** option.

4. For **Federal Status**, select *Accepted* from the drop-down list.

5. Use the calendar date control to enter a date range in the **Fed. Ack. Date From** fields.

6. Click **Continue**.

7. Use the scroll bar to find the **Submission ID**. The **Submission ID**, also known as the *BSA Identifier*, is issued by FinCEN. You will need the BSA Identifier if filing a corrected FBAR.

The following shows an Acknowledgment example:

Figure 3:2

ERRORS

There are two types of FBAR e-file errors.

Fatal Error A **fatal error** is an error that prevents the e-file from being processed. A fatal error occurs when a required record is missing from the submitted file, or the number of records included in the e-file does not match the record count. FBAR e-files with fatal errors will be rejected by FinCEN and must be corrected before resubmitting. Our error checking should prevent FBARs from being submitted with fatal errors.

File Error A **file error** is an error in data entered in individual fields, or missing data from individual fields. A file error example would be a country field that is left blank. A file error does not prevent the FBAR from being accepted, but the FBAR must be corrected and refiled as an *amended FBAR*. FinCEN recommends that corrected FBARs be filed within 30 days after receiving the error acknowledgment.

Regarding foreign country: While the foreign country of the financial institution is a required entry, the Canadian Province or Mexican State is also a required entry, if applicable.

Corrected Reports

An FBAR will be rejected if it contains a **fatal error**. Filers must correct all fatal errors and resubmit. As a rejected FBAR has not been accepted by FinCEN, a resubmission is still considered an initial report. Do not indicate that a resubmission of a rejected FBAR is a corrected report unless it was originally filed as a corrected report.

An accepted FBAR having **file errors** should be corrected and resubmitted as an amended report. Select the **Amended** check box in Organizer, and enter a new signature date. The *BSA Identifier* number of the original submission in the transmission is included automatically.

CHAPTER 4: AMENDING AN FBAR RETURN

REJECTED

1. Correct the error.

2. Regenerate the e-file.

3. Resubmit the original locator to FinCEN.

CONDITIONALLY ACCEPTED STATUS (ALL RETURN TYPES)

1. Correct the error.

2. Select the **Amended** check box.

3. Regenerate the e-file.

4. Resubmit the original locator to FinCEN.

ACCEPTED STATUS (FORMS 1040/1041)

1. Create a copy of the original locator (or the most recent amended return, if applicable).

2. Select the **Amended** check box in that locator.

3. Regenerate the e-file in the copied locator.

4. Submit the new e-file to FinCEN.

ACCEPTED STATUS (FORMS 1065/1120)

1. Create a copy of the original locator.

2. Select the **Amended** check box in that locator.

3. Regenerate the e-file in the copied locator.

4. Submit the new e-file to FinCEN.