

**2-day Program 2017: Tax Compliance Training for
Forms W-8 and 8233, Forms 1042-S and 1042, and
Nonresident Alien and FATCA Withholding**

PART 1

A. US vs non-U.S. status – who they are; how they are taxed by the U.S.; how they are documented; how payments to them are reported to the IRS

B. Chapter 3 withholding at source vs. Chapter 4 FATCA with illustration of payment types
Income sourcing rules
30% withholding and ways of reducing withholding; 14% on noncompensatory scholarships
Basic structure of U.S. tax withholding and tax reporting compliance
How the IRS uses the information you file on 1042-S forms – current IRS programs to cross-match against foreign persons' tax returns – denials or reductions of foreign persons' claimed tax credit or refund of withheld tax

C. Presumption rules for status and tax treatment if no certification is obtained or the documentation or certificate isn't valid
Reasons to doubt certifications – rules for curing with documentary evidence

PART 2

A. Payments to foreign persons for services
Tax rules / Nonimmigrant work rules
Nonimmigrant classifications (visa classifications)
Work authorization / what is "work"?
"Honorarium" payments
Expenses reimbursed to or paid on behalf of foreign individuals

B. Resident vs. nonresident status
Permanent resident ("green card")
Residency under Substantial Presence Test – calculation – individuals who are exempt from SPT

PART 3

A. Royalty payments

B. Scholarship and fellowship grant income
Noncompensatory grants
Grants in exchange for services / payments that are wages
Determining income tax amounts to withhold
FICA

- C. Artists and athletes – entertainers and performers
- D. Prizes and awards
- E. Purchases that are not subject to chapter 3 (or chapter 4) withholding or reporting
- F. Digital materials and software
- G. Transportation – truck and rail – ship and air
- H. When an agent is involved: paying a U.S. agent – paying a foreign agent

PART 4

- A. Recognizing payments that are subject to the rules of I.R.C. chapter 4 FATCA
Payment types which fall under FATCA 30% withholding and reporting rules
How entities may certify out of FATCA withholding

PART 5

- A. Forms for documenting the beneficial owner:
Form W-8BEN for individuals (new form in 2017)
Form 8233 for individuals
Form W-8BEN-E for entities (new form in 2017)
New W-8BEN-E requires Limitation on Benefits and other new detail to support treaty claim
Substitute Form W-8BEN-E short form permitted for non-FATCA payments
Form W-8ECI for Effectively Connected Income
Form W-8IMY for foreign intermediaries
Form W-8EXP for certain special uses
New Regulatory requirements effective January 2017 affect your work with W-8 and 8233 forms
- B. Taxpayer identification numbers
U.S. SSN, EIN, ITIN
New ITIN rules – expiration of ITINs
Foreign tax ID numbers – when and where they are required

PART 6

- A. Income tax treaties – what they are, what they offer, how they are organized, how they are used
Due diligence required when a treaty claim is received (including new January 2017 regulations)
How to research and validate claims of reduced withholding under treaty

PART 7

- A. Federal tax deposit rules for withheld tax
Handling “gross-up” of income to cover tax
Paying the tax on behalf of the beneficial owner
Rules that permit or limit refund of tax

Developing, balancing and filing the annual reconciliation report to IRS, Form 1042

PART 8

A. How to review W-8 and 8233 forms for validity

Validity requirements for W-8BEN

Validity requirements for 8233

Validity requirements for W-8BEN-E

Validity requirements for W-8IMY and its attached certificates and withholding statement

Validity requirements for W-8ECI

Validity requirements for W-8EXP

B. Hands-on work with reviews of forms and treaty claims

PART 9

A. Form 1042-S filing to the IRS and statements to recipients

Revisions to the form for 2017

Codes, where to find them, and changes for 2017: Income; exemptions; status; country

Chapter 3 / Chapter 4 income

“Unknown Recipient” coding and when it applies

Tax withheld vs. tax paid by withholding agent

U.S. TIN and foreign TIN

Due dates for 1042-S and 1042 forms – rules for extensions of time to file or furnish

Using paper forms and Form 1042-T

Using IRS electronic filing

Corrections to 1042-S forms after they have been filed to the IRS

Q&A discussion at intervals throughout both days of this program