



US Tax Information for Non-US Persons

Nancy Nelson, CPA
Interactive Brokers

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Non–US persons:

Not a US Citizen

Not a US legal resident

Not a Green Card Holder

If you are a US Citizen or Green Card holder, residence does not matter. You are a US taxpayer.



Special Circumstances:

Foreign Students in US

If you are in the US on a student visa – even if you have been issued a US taxpayer ID – you remain a non-US person for investment income

This does not necessarily mean that you are not subject to US taxes on earnings if you work

Government Workers (Embassy, UN, World Bank)

If you are in the US on a Government visa, you remain a non-US person for tax purposes



Critical to get this right to have US tax withholding be correct in your account:

- Complete correctly

- Keep updated

- Expires every three years

- Required for FATCA reporting – also critical to have right



Form **W-8BEN**
 (Rev. July 2017)
 Department of the Treasury
 Internal Revenue Service

Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding and Reporting (Individuals)

- ▶ For use by individuals. Entities must use Form W-8BEN-E.
- ▶ Go to www.irs.gov/FormW8BEN for instructions and the latest information.
- ▶ Give this form to the withholding agent or payer. Do not send to the IRS.

OMB No. 1545-1621

Do NOT use this form if:

- You are NOT an individual **W-8BEN-E**
- You are a U.S. citizen or other U.S. person, including a resident alien individual **W-9**
- You are a beneficial owner claiming that income is effectively connected with the conduct of trade or business within the U.S. (other than personal services) **W-8ECI**
- You are a beneficial owner who is receiving compensation for personal services performed in the United States **8233 or W-4**
- You are a person acting as an intermediary **W-8IMY**

Instead, use Form:

Note: If you are resident in a FATCA partner jurisdiction (i.e., a Model 1 IGA jurisdiction with reciprocity), certain tax account information may be provided to your jurisdiction of residence.

Part I Identification of Beneficial Owner (see instructions)

1 Name of individual who is the beneficial owner	2 Country of citizenship
3 Permanent residence address (street, apt. or suite no., or rural route). Do not use a P.O. box or in-care-of address.	
City or town, state or province. Include postal code where appropriate.	Country
4 Mailing address (if different from above)	
City or town, state or province. Include postal code where appropriate.	Country
5 U.S. taxpayer identification number (SSN or ITIN), if required (see instructions)	6 Foreign tax identifying number (see instructions)
7 Reference number(s) (see instructions)	8 Date of birth (MM-DD-YYYY) (see instructions)



Part II Claim of Tax Treaty Benefits (for chapter 3 purposes only) (see instructions)

- 9 I certify that the beneficial owner is a resident of _____ within the meaning of the income tax treaty between the United States and that country.
- 10 **Special rates and conditions** (if applicable—see instructions): The beneficial owner is claiming the provisions of Article and paragraph _____ of the treaty identified on line 9 above to claim a _____ % rate of withholding on (specify type of income): _____.
- Explain the additional conditions in the Article and paragraph the beneficial owner meets to be eligible for the rate of withholding: _____
- _____
- _____



Foreign Account Tax Compliance Act - 2010

Enacted as a revenue raising portion of the offset the Hiring Incentives to Restore Employment Act.

Intended to increase collection of US taxes due from US persons holding assets/earning income overseas – US has a global concept of taxation

The idea was to force non-us financial institutions to report earning of US citizens to the IRS.

Resulting in information sharing and reporting worldwide.

What Income is subject to US tax withholding?

Any payment received from revenue generated in the U.S.

Interest

Dividends

Payments in lieu (PIL)

Rents

Stock loan fees

Business operating income – including distributions from MLPs and PTPs



The statutory rate of withholding is 30%.

However, treaty agreements may lower this rate.

General Treaty rate – 15%

Can be 10% or 25%

Withholding occurs when the payment is made –
received in your account

Can be reversed if payment is reclassified.

Once reporting is issued no direct refunding can be done.



Currently 37%

Not eligible for treaty benefits

Payments from MLPs and PTPs



Form 1042-S		Foreign Person's U.S. Source Income Subject to Withholding			2020		OMB No. 1545-0096	
Department of the Treasury Internal Revenue Service		▶ Go to www.irs.gov/Form1042S for instructions and the latest information.					Copy A for Internal Revenue Service	
		UNIQUE FORM IDENTIFIER			AMENDED		AMENDMENT NO.	
1 Income code	2 Gross income	3 Chapter indicator. Enter "3" or "4"		13e Recipient's U.S. TIN, if any		13f Ch. 3 status code		
		3a Exemption code	4a Exemption code			13g Ch. 4 status code		
		3b Tax rate	4b Tax rate	13h Recipient's GIIN	13i Recipient's foreign tax identification number, if any		13j LOB code	
5 Withholding allowance								
6 Net income								
7a Federal tax withheld				13k Recipient's account number				
7b Check if federal tax withheld was not deposited with the IRS because escrow procedures were applied (see instructions) <input type="checkbox"/>				13l Recipient's date of birth (YYYYMMDD)				
7c Check if withholding occurred in subsequent year with respect to a partnership interest <input type="checkbox"/>								
8 Tax withheld by other agents				14a Primary Withholding Agent's Name (if applicable)				
9 Overwithheld tax repaid to recipient pursuant to adjustment procedures (see instructions) ()				14b Primary Withholding Agent's EIN		15 Check if pro-rata basis reporting <input type="checkbox"/>		
10 Total withholding credit (combine boxes 7a, 8, and 9)				15a Intermediary or flow-through entity's EIN, if any		15b Ch. 3 status code	15c Ch. 4 status code	
11 Tax paid by withholding agent (amounts not withheld) (see instructions)				15d Intermediary or flow-through entity's name				
12a Withholding agent's EIN	12b Ch. 3 status code	12c Ch. 4 status code		15e Intermediary or flow-through entity's GIIN				
12d Withholding agent's name				15f Country code	15g Foreign tax identification number, if any			
12e Withholding agent's Global Intermediary Identification Number (GIIN)				15h Address (number and street)				
12f Country code	12g Foreign tax identification number, if any			15i City or town, state or province, country, ZIP or foreign postal code				
12h Address (number and street)				16a Payer's name		16b Payer's TIN		
12i City or town, state or province, country, ZIP or foreign postal code				16c Payer's GIIN		16d Ch. 3 status code	16e Ch. 4 status code	
13a Recipient's name		13b Recipient's country code		17a State income tax withheld	17b Payer's state tax no.	17c Name of state		
13c Address (number and street)								
13d City or town, state or province, country, ZIP or foreign postal code								

For Privacy Act and Paperwork Reduction Act Notice, see instructions.

Cat. No. 11386R

Form **1042-S** (2020)

- 01 Interest
- 29 Deposit Interest
- 30 Interest – Original Issue Discount
- 31 Interest – Short -term Original Issue Discount
- 33 Interest – Substitute payment – interest

- 06 Dividends – general
- 34 Dividends – substitute payments
- 40 Other Dividend equivalents
- 52 Dividends paid on certain actively traded or public securities
- 53 Dividends – substitute payments from certain actively traded or public securities

- 09 Capital Gains
- 14 Real property income (rents) and natural resources royalties
- 23 Other income
- 24 Qualified Investment Entity (QIE) distribution of capital gains
- 27 Publicly traded partnership distributions subject to IRC 1446
- 35 Substitute payment – other
- 36 Capital Gains distributions
- 37 Return of capital
- 15 Payments from pensions, annuities, alimony, and/insurance premiums

Other Codes – Generally subject to US Withholding

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- 36 Capital Gains distributions
- 37 Return of capital



Code 02 Exempt under Internal Revenue Code – except
Portfolio Interest

Code 04 Exempt under Tax Treaty

Code 05 Portfolio exempt under Internal Revenue Code



Box 5: Withholding allowance: A portion of the income not subject to withholding. Does not apply to investment accounts

Box 6: Box 2 less Box 5

Box 7: The amount of US Tax withheld when payments were received

Boxes 7b and c: checkboxes providing specific information about the withholding

Box 8: Tax withheld by other agents

Box 9: Over withheld tax repaid

Box 10: Total withholding credit

Box 11: Tax paid by withholding agent (not withheld) **Very Rare**



Boxes 12a-12i: Information concerning the issuer of this form
(withholding agent)

Boxes 13-13L: Concerning your (receiver's) information

Do you need to file a US Tax return?

Generally:

NO

From investments in your IBKR account:

- If you own an interest in a MLP or PTP

- If you have income that is recategorized after 3/15 of the following year and withheld tax is not refunded

From other investments:

- If you receive rent from property in the US

- If you have a direct business interest producing income in the US

- If you spent 30 days or less in the US earning income



Questions?

Or send them to:

webinars@interactivebrokers.com