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Interactive Brokers

US Tax Information Reporting for Non-US Investors

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U.S. Tax Information

Non U.S. Persons

2021

Who is this webinar for:

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

W-8BEN

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

- Complete correctly

- Keep updated

- Expires every three years

- Required for FATCA reporting – also critical to have right

Form **W-8BEN**

(Rev. October 2021)

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 United States (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 (that is, 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)	
6a Foreign tax identifying number (see instructions)	6b Check if FTIN not legally required <input type="checkbox"/>
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: _____

Part III Certification

Under penalties of perjury, I declare that I have examined the information on this form and to the best of my knowledge and belief it is true, correct, and complete. I further certify under penalties of perjury that:

- I am the individual that is the beneficial owner (or am authorized to sign for the individual that is the beneficial owner) of all the income or proceeds to which this form relates or am using this form to document myself for chapter 4 purposes;
- The person named on line 1 of this form is not a U.S. person;
- This form relates to:
 - (a) income not effectively connected with the conduct of a trade or business in the United States;
 - (b) income effectively connected with the conduct of a trade or business in the United States but is not subject to tax under an applicable income tax treaty;
 - (c) the partner's share of a partnership's effectively connected taxable income; or
 - (d) the partner's amount realized from the transfer of a partnership interest subject to withholding under section 1446(f);
- The person named on line 1 of this form is a resident of the treaty country listed on line 9 of the form (if any) within the meaning of the income tax treaty between the United States and that country; and
- For broker transactions or barter exchanges, the beneficial owner is an exempt foreign person as defined in the instructions.

Furthermore, I authorize this form to be provided to any withholding agent that has control, receipt, or custody of the income of which I am the beneficial owner or any withholding agent that can disburse or make payments of the income of which I am the beneficial owner. **I agree that I will submit a new form within 30 days if any certification made on this form becomes incorrect.**

Sign Here

☐ I certify that I have the capacity to sign for the person identified on line 1 of this form.

Signature of beneficial owner (or individual authorized to sign for beneficial owner)

Date (MM-DD-YYYY)

Print name of signer

FATCA

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

Withholding Rates?

The statutory rate of withholding is 30%.

However, treaty agreements may lower this rate.

General Treaty rate – 15%

Can be 10% or 25%

Timing of US Withholding

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.

Business Income withholding

Currently 37%

Not eligible for treaty benefits

Payments from MLPs and PTPs

Form 1042-S

Department of the Treasury
Internal Revenue Service

Foreign Person's U.S. Source Income Subject to Withholding

Information about Form 1042-S and its separate instructions is at www.irs.gov/form1042s

2021

OMB No. 1545-0096

Copy B
for Recipient

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UNIQUE FORM IDENTIFIER

☐

AMENDED

☐

AMENDMENT NO.

1 Income code 52	2 Gross income 28.00	3 Chapter indicator. Enter "3" or "4" 3	3a Exemption code 00	4a Exemption code 15	13e Recipient's U.S. TIN, if any	13f Ch. 3 status code 16	13g Ch. 4 status code 23								
		3b Tax rate 15.0	4b Tax rate 0.0		13h Recipient's GIIN	13i Recipient's foreign tax identification number, if any	13j LOB code								
5 Withholding allowance					13k Recipient's account number XXXXXXXX										
6 Net income					13l Recipient's date of birth (YYYYMMDD) <table border="1"><tr><td>X</td><td>X</td><td>X</td><td>X</td><td>X</td><td>X</td><td>X</td><td>X</td></tr></table>			X	X	X	X	X	X	X	X
X	X	X	X	X	X	X	X								
7a Federal tax withheld 0.00					14a Primary Withholding Agent's Name (if applicable) Interactive Brokers LLC										
7b Check if federal tax withheld was not deposited with the IRS because escrow procedures were applied <input type="checkbox"/>					14b Primary Withholding Agent's EIN 13-3863700										
7c Check if withholding occurred in a subsequent year with respect to a partnership interest <input type="checkbox"/>					15 Check if pro-rata basis reporting <input type="checkbox"/>										
8 Tax withheld by other agents 4.00					15a Intermediary or flow-through entity's EIN, if any										
9 Overwithheld tax repaid to recipient pursuant to adjustment procedures					15b Ch. 3 status code XX										
10 Total withholding credit 4.00					15c Ch. 4 status code XX										
11 Tax paid by withholding agent (amounts not withheld)					15d Intermediary or flow-through entity's name XXXXXXXXXXXX XXX										
12a Withholding agent's EIN XX-XXXXXXX		12b Ch. 3 status code XX		12c Ch. 4 status code XX		15e Intermediary or flow-through entity's GIIN									
12d Withholding agent's name XXXXXXXXXXXX XXXXXXX XXXXXXXXXXX XXXX					15f Country code XX										
12e Withholding agent's Global Intermediary Identification Number (GIIN) XXXXXX.XXXXX.XX.XXX					15g Foreign taxpayer identification number, if any										
12f Country code XX		12g Foreign taxpayer identification number, if any XXXXXXXXXXXX			15h Address (number and street) XX XXXXXX XXXXXXX XXXXX										
12h Address (number and street) XXX XXXXXXX XXXXX					15i City or town, state or province, country, ZIP or foreign postal code XXXXX XXXXXXXXXX, XX-X, XXXXXX, XXXXX										
12i City or town, state or province, country, ZIP or foreign postal code XXXXXXXXXX, XX, XXX, XXXXX					16a Payer's name										
13a Recipient's name XXXX XXXXXXXXXX				13b Recipient's country code FR		16b Payer's TIN									
13c Address (number and street) X XXXXXXXXXXXX XX XXXX XX XXXXX					16c Payer's GIIN										
13d City or town, state or province, country, ZIP or foreign postal code XXXXXX XXXXX, XX-X, XXXXXX, XXXXX					16d Ch. 3 status code		16e Ch. 4 status code								
17a State income tax withheld				17b Payer's state tax no.		17c Name of state									

Interest Codes

01 Interest

29 Deposit Interest

30 Interest – Original Issue Discount

31 Interest – Short -term Original Issue Discount

33 Interest – Substitute payment – interest

Dividend Codes

- 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

Other Codes

- 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

14 Real property income (rents) and natural resources royalties

23 Other income

27 Publicly traded partnership distributions subject to IRC 1446

35 Substitute payment – other

15 Payments from pensions, annuities, alimony, and/insurance premiums.

Other Codes – Generally no Withholding

24 Qualified Investment Entity (QIE) distribution of capital gains

36 Capital Gains distributions

37 Return of capital

Exemption Codes

Code 02 Exempt under Internal Revenue Code – except Portfolio Interest

Code 04 Exempt under Tax Treaty

Code 05 Portfolio exempt under Internal Revenue Code

Form 1042S, Boxes 5 -7C

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

Form 1042s, Boxes 8, 9, 10,

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**

Form 1042S, Boxes 12a through 13j

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

When might I need a US tax return?

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