W-8BEN
CATS

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New Regulations FATCA

- Foreign Account Tax Compliance Act
- Applies to foreign businesses (entities) not foreign individuals
- Creates Chapter 4 reporting requirements
- On certain types of US sourced-income
- **Good news:** IU won’t be making a lot of these kind of payments
Bad News – NEW W-8BEN forms

• Different forms for individuals and business (entities)
• Updated W-8BEN for individuals only
  Removed all fields used by business
• New W-8BEN-E for business (entities) only
  Added the required FATCA information
• IRS slow in releasing forms & instructions
W-8BEN 2014 version

• Form name change
• Do not use this form if:

Form W-8BEN
Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding and Reporting (Individuals)
(Rev. February 2014)

Do NOT use this form if:
• You are NOT an individual
• You are a U.S. citizen or other U.S. person, including a resident alien individual
• 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)
• You are a beneficial owner who is receiving compensation for personal services performed in the United States
• A person acting as an intermediary

Instead, use Form:
• W-8BEN-E
• W-9
• W-8ECI
• 8233 or W-4
• W-8IMY

OMB No. 1545-1621
For use by individuals. Entities must use Form W-8BEN-E.
Information about Form W-8BEN and its separate instructions is at www.irs.gov/formw8ben.
Give this form to the withholding agent or payer. Do not send to the IRS.
W-8BEN  2014 version

• New fields
  Country of Citizenship, Foreign Tax Identifying Number, Date of Birth
W-8BEN 2014 version

- Treaty only for Nonresident Alien withholding (chapter 3) w/ tax id
- This would include treaty for certain payments such as royalty, copyright, software license paid to individuals (not compensation)

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**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 of the treaty identified on line 9 above to claim a % rate of withholding on (specify type of income):

Explain the reasons the beneficial owner meets the terms of the treaty article:
W-8BEN 2014 version

- Additional certifications

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 to which this form relates or am using this form to document myself as an individual that is an owner or account holder of a foreign financial institution,
- The person named on line 1 of this form is not a U.S. person,
- The income to which this form relates is:
  (a) not effectively connected with the conduct of a trade or business in the United States,
  (b) effectively connected but is not subject to tax under an applicable income tax treaty, or
  (c) the partner’s share of a partnership’s effectively connected income,
- 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

Signature of beneficial owner (or individual authorized to sign for beneficial owner) ____________________________ Date (MM-DD-YYYY) ____________________________

Print name of signer ____________________________ Capacity in which acting (if form is not signed by beneficial owner) ____________________________
W-8BEN-E

- 8 pages due to chapter 4 (FATCA) requirements
- May be challenging to complete
Resources

- Tax section of the new FMS Webpage
Validating W-8 forms

• Tax will validate the W-8 form before payment is made.
• Invalid forms will require corrected forms before payment is approved.
• Departments can help by reviewing the W-8 before sending to the Purchasing or DV Vendor Workgroups.
• See examples on tax website: https://fms.iu.edu/tax/international/form-w-8ben/
Expiration

• W-8 forms expire, W-9 forms do not.
• W-8 forms are valid from the date signed until the last day of the third succeeding calendar year.
• Example signed 9/5/14 expires 12/31/17
• All 2006 versions of W-8BEN signed in 2014 expire 12/31/17.
• Collect new forms from existing vendors.
Other W-8 Form Types

• Vendor sends me a W-8ECI form. Do I still need to get a W-8BEN-E? NO
• W-8ECI, W8-IMY, W-8EXP are forms for specific entities and substitute for W-8BEN-E
• Fax to tax for review at the vendor set up stage. (optional)
New fields in KFS Vendor record

- Coming Soon
- To comply with FACTA, data from new W-8 forms

W-8 sign date:
W-8 Type:
Country
Foreign Tax ID
GIIN Code:
Date of Birth:

W-9 sign date
How do I know if I need to collect a W-8 or W-9?

• Ask: Are you a US person for tax purpose? Is your company a US company or foreign company?
  
  If Yes send W-9 or Purchasing’s US Vendor Information Packet, if No send W-8BEN series or Foreign Vendor Information Packet

• Form choice not based on foreign address or having an SSN.
Conclusion

• Visit the Form W-8BEN web page for up to date information.

• Tax is evaluating the possibility of a substitute W-8BEN-E

• When IRS provides more guidance we will pass it on.
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