SSN, EIN and ITIN: Your job as a withholding agent
2015 Webinar

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Instructor
Deborah L. Crawford

- Debbie is the President of Gettechnical Inc, a Baton Rouge based training company. Her combined banking and training experience began in 1984 and she is a deposit side expert. She received her Bachelors and Masters degrees from Louisiana State University.

- If you have any questions just call 1-800-354-3051 or email us at gettechnical@msn.com.
OVERVIEW OF TIN AND OUR JOB AS WITHHOLDING AGENT

Opening of a deposit account

Withholding agent

- W-9
  - US Person
- W-8BEN or W-8BENE
  - Nonresident alien
Use TIN number on W-9 or W-8BEN

Types of TIN

- SSN
  - US Citizens
  - Resident Aliens
  - Nonresident Alien
- EIN
  - Estates, Nonprofits, businesses, etc.
  - US Persons
  - Nonresident aliens
- ITIN
  - US Persons
  - Nonresident aliens

Initially your account holder may use an SSN, EIN or ITIN

Social Security Number (SSN)

- U.S. Citizen
- Nonresident Alien with Employment Authorization

- Applies for SSN with SS-5 Form

Employer Identification Number (EIN)

- Business Account
- Nonprofit Organization
- Irrevocable Trust Estate

- Applies for EIN using SS-4 Form

- Customer signs W-9

- Or W-8BEN E

Individual Taxpayer Identification Number (ITIN)

Customer is not eligible for a social security number but has a “tax purpose” for needing a tax identification number.

- Customer applies for ITIN with W-7 Form

To get an ITIN, the account holder may have to be turned down for a SSN first and then apply for the ITIN. To get an account for banking purposes, the account holder may have to prove the “tax purpose”. See letter to give account holder to get ITIN.

ITINs have started in past with a “9”.

- Sign appropriate form W-9 or W-8 BEN depending on tax home.
IRS versus CIP Requirements

- For U.S. persons a financial institution must obtain a U.S. taxpayer identification number (e.g., social security number, individual taxpayer identification number, or employer identification number).

- For non U.S. persons a financial institution must obtain one or more of the following: a taxpayer identification number; passport number and country of issuance; alien identification card number; or number and country of issuance of any other government-issued document evidencing nationality or residence and bearing a photograph or similar safeguard.
Three forms used to get TIN:

- SS-5 for SSN
- W-7 for ITIN
- SS-4 for EINs (or this can be done online)
Sample Letter from Withholding Agent

To: IRS
ITIN PROGRAM OFFICE

To Whom it May Concern:

This is to certify that____________________
Name of Account Holder

has an account with this organization ______________________
Account Number

which will be generating income during the current tax year that is subject to IRS information reporting requirements and/or withholding of Federal income tax. The applicant, therefore, is requesting an ITIN to provide to us for our reporting, withholding and distribution procedures.

Sincerely,

______________________________
Printed Name of Official

______________________________
Date of Signature

______________________________
Signature of Official

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SS-4 Application for Employer Identification Number (EIN)

<table>
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<tr>
<th>SS-4 Application for Employer Identification Number (EIN)</th>
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### Social Security Issues 3 Types of Social Security Cards:

1. Shows accountholder name and Social Security number and lets accountholder work without restriction. These are given to U.S. citizens and lawful permanent residents.

2. Shows name and number and notes “Valid for Work Only with DHS Authorization”. Social security issues this type of card to people lawfully admitted to the U.S. on a temporary basis who have DHS authorization.

3. Shows name and number and notes “Not Valid for Employment”. These are issued to:
   - Those who are lawfully admitted to the U.S. without work authorization from DHS
   - Who need a number because of a federal law requiring a Social Security number to get a benefit or service
Know Your Financial Institution’s CIP Policy on Social Security Cards as forms of Identification. SSN can now be randomized.
Individual Taxpayer Identification Number (ITIN)

Customer is not eligible for a social security number but has a “tax purpose” for needing a tax identification number. To get an ITIN the customer may have to be turned down for a SSN first and then apply for the ITIN. To get an account for banking purposes, the customer may have to prove the “tax purpose”. See letter to give customer to get ITIN.

General ITIN Information

• What is an ITIN?
An Individual Taxpayer Identification Number (ITIN) is a tax processing number issued by the Internal Revenue Service. It is a nine-digit number that always begins with the number 9 and has a range of 70-88 in the fourth and fifth digit. Effective April 12, 2011, the range was extended to include 900-70-0000 through 999-88-9999, 900-90-0000 through 999-92-9999 and 900-94-0000 through 999-99-9999. IRS issues ITINs to individuals who are required to have a U.S. taxpayer identification number but who do not have, and are not eligible to obtain a Social Security Number (SSN) from the Social Security Administration (SSA).

ITINs are issued regardless of immigration status because both resident and nonresident aliens may have a U.S. filing or reporting requirement under the Internal Revenue Code.
The ITIN is for tax purposes only!

Use Form W-7 to apply for an IRS individual taxpayer identification number (ITIN). An ITIN is a nine-digit number issued by the U.S. Internal Revenue Service (IRS) to individuals who are required to have a U.S. taxpayer identification number but who do not have and are not eligible to obtain, a social security number (SSN).

ITIN does not entitle accountholder to social security benefits, and creates no inference regarding your immigration status or your right to work in the United States. Any individual who is eligible to be legally employed in the United States must have an SSN.

Under the new policy:

• An ITIN will expire for any taxpayer who fails to file a federal income tax return for five consecutive tax years.
• Any ITIN will remain in effect as long as a taxpayer continues to file U.S. tax returns. This includes ITINs issued after Jan. 1, 2013. These taxpayers will no longer face mandatory expiration of their ITINs and the need to reapply starting in 2018, as was the case under the old policy.
• To ease the burden on taxpayers and give their representatives and other stakeholders time to adjust, the IRS will not begin deactivating unused ITINs until 2016. This grace period will allow anyone with a valid ITIN, regardless of when it was issued, to still file a valid return during the upcoming tax-filing season.
• A taxpayer whose ITIN has been deactivated and needs to file a U.S. return can reapply using Form W-7. As with any ITIN application, original documents, such as passports, or copies of documents certified by the issuing agency must be submitted with the form.
As we begin a line-by-line look at the new W-9 August 2013, remember the instructions are written by the IRS to the account holder. So when it says “you” or “yours”, it means your account holder and not your financial institution. When it says withholding agent, it means your financial institution.

**GENERAL INSTRUCTIONS FOR W-9**

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**FORM W-9**

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Purpose of the Form

• A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, payments made to you in settlement of payment card and third party network transactions, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

• Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:
  – Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
  – Certify that you are not subject to backup withholding, or
  – Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners’ share of effectively connected income, and
  – Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct.

• Note. If you are a U.S. person and a requester gives you a form other than Form W-9 to request your TIN, you must use the requester’s form if it is substantially similar to this Form W-9.

Definition of a US person

• For federal tax purposes, you are considered a U.S. person if you are:
  – An individual who is a U.S. citizen or U.S. resident alien,
  – A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
  – An estate (other than a foreign estate), or
  – A domestic trust (as defined in Regulations section 301.7701-7).
Special Rules for Partnerships

- **Special rules for partnerships.** Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax under section 1446 on any foreign partners’ share of effectively connected taxable income from such business. Further, in certain cases where a Form W-9 has not been received, the rules under section 1446 require a partnership to presume that a partner is a foreign person, and pay the section 1446 withholding tax. Therefore, if you are a

- **U.S. person that is a partner in a partnership conducting a trade or business in the United States,** provide Form W-9 to the partnership to establish your U.S. status and avoid section 1446 withholding on your share of partnership income. In the cases below, the following person must give Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States:
  - In the case of a disregarded entity with a U.S. owner, the U.S. owner of the disregarded entity and not the entity,
  - In the case of a grantor trust with a U.S. grantor or other U.S. owner, generally, the U.S. grantor or other U.S. owner of the grantor trust and not the trust, and
  - In the case of a U.S. trust (other than a grantor trust), the U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

Foreign Person

- **Foreign person.** If you are a foreign person or the U.S. branch of a foreign bank that has elected to be treated as a U.S. person, do not use Form W-9. Instead, use the appropriate Form W-8 or Form 8233 (see Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).
Nonresident Alien who becomes a resident alien

- **Nonresident alien who becomes a resident alien.** Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a “saving clause.” Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

- If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items:
  - The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
  - The treaty article addressing the income.
  - The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
  - The type and amount of income that qualifies for the exemption from tax.
  - Sufficient facts to justify the exemption from tax under the terms of the treaty article. If you are a nonresident alien or a foreign entity, give the requester the appropriate completed Form W-9 or Form 8233.

What is backup withholding?

- **What is backup withholding?** Persons making certain payments to you must under certain conditions withhold and pay to the IRS a percentage of such payments. This is called “backup withholding.” Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, payments made in settlement of payment card and third party network transactions, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

- You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.
Payments account holders receive will be subject to backup withholding if:

- You do not furnish your TIN to the requester,
- You do not certify your TIN when required (see the Part II instructions on page 3 for details),
- The IRS tells the requester that you furnished an incorrect TIN,
- The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
- You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).
- Certain payees and payments are exempt from backup withholding. See Exempt payee code on page 3 and the separate Instructions for the Requester of Form
- W-9 for more information.
- Also see Special rules for partnerships on page 1.

Updating Information

- You must provide updated information to any person to whom you claimed to be an exempt payee if you are no longer an exempt payee and anticipate receiving reportable payments in the future from this person. For example, you may need to provide updated information if you are a C corporation that elects to be an S corporation, or if you no longer are tax exempt. In addition, you must furnish a new Form W-9 if the name or TIN changes for the account, for example, if the grantor of a grantor trust dies.
Penalties

• **Failure to furnish TIN.** If you fail to furnish your correct TIN to a requester, you are subject to a penalty of $50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

• **Civil penalty for false information with respect to withholding.** If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a $500 penalty.

• **Criminal penalty for falsifying information.** Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

• **Misuse of TINs.** If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

Sole Proprietor

• If you are an individual, you must generally enter the name shown on your income tax return. However, if you have changed your last name, for instance, due to marriage without informing the Social Security Administration of the name change, enter your first name, the last name shown on your social security card, and your new last name.

• If the account is in joint names, list first, and then circle, the name of the person or entity whose number you entered in Part I of the form.

• **Sole proprietor.** Enter your individual name as shown on your income tax return on the “Name” line. You may enter your business, trade, or “doing business as (DBA)” name on the “Business name/disregarded entity name” line.
Partnership, C Corporation, or S Corporation

• Partnership, C Corporation, or S Corporation. Enter the entity's name on the “Name” line and any business, trade, or “doing business as (DBA) name” on the “Business name/disregarded entity name” line.

Disregarded entity

• Disregarded entity. For U.S. federal tax purposes, an entity that is disregarded as an entity separate from its owner is treated as a “disregarded entity.” See Regulation section 301.7701-2(c)(2)(iii). Enter the owner’s name on the “Name” line. The name of the entity entered on the “Name” line should never be a disregarded entity. The name on the “Name” line must be the name shown on the income tax return on which the income should be reported. For example, if a foreign LLC that is treated as a disregarded entity for U.S. federal tax purposes has a single owner that is a U.S. person, the U.S. owner’s name is required to be provided on the “Name” line. If the direct owner of the entity is also a disregarded entity, enter the first owner that is not disregarded for federal tax purposes. Enter the disregarded entity's name on the “Business name/disregarded entity name” line. If the owner of the disregarded entity is a foreign person, the owner must complete an appropriate Form W-8 instead of a Form W-9. This is the case even if the foreign person has a U.S. TIN.

• Note. Check the appropriate box for the U.S. federal tax classification of the person whose name is entered on the “Name” line (Individual/sole proprietor, Partnership, C Corporation, S Corporation, Trust/estate).
LLC

- **Limited Liability Company (LLC).** If the person identified on the “Name” line is an LLC, check the “Limited liability company” box only and enter the appropriate code for the U.S. federal tax classification in the space provided. If you are an LLC that is treated as a partnership for U.S. federal tax purposes, enter “P” for partnership. If you are an LLC that has filed a Form 8832 or a Form 2553 to be taxed as a corporation, enter “C” for C corporation or “S” for S corporation, as appropriate. If you are an LLC that is treated as a corporation for U.S. federal tax purposes, enter “C” or “S” as appropriate.

  - **Other entities.** Enter your business name as shown on required U.S. federal tax documents on the “Name” line. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on the “Business name/disregarded entity name” line.

Disregarded Entity

§ 301.7701-2 Business entities; definitions

(a) **Business entities.** For purposes of this section and section 301.7701-3, a business entity is any entity recognized for federal tax purposes (including an entity with a single owner that may be disregarded as an entity separate from its owner under section 301.7701-3) that is not properly classified as a trust under section 301.7701-4 or otherwise subject to special treatment under the Internal Revenue Code. A business entity with two or more members is classified for federal tax purposes as either a corporation or a partnership. A business entity with only one owner is classified as a corporation or is disregarded; if the entity is disregarded, its activities are treated in the same manner as a sole proprietorship, branch, or division of the owner.
LLC Tax Reporting

Multi-Member LLC
May be classified for tax purposes

Single-Member LLC
May be classified for tax purposes

PartnerShip

Corporation

Disregard LLC and report in TIN of Owner

Unless choose to be treated as a Corporation

John Smith
ABC, LLC
Report in John’s SSN

XYZ, Inc.
ABC, LLC
Report in XYZ, Inc’s EIN

LLC

Single Member

Multi-Member

Member is a Person

Member is a Business

Members are Individuals

Members are Businesses

Bob Smith
Electronic Vision, LLC
Report in Bob’s SSN or EIN
Not a dba

ABC, Inc.
Electronic Vision, LLC
Report in EIN of corporation
Not a dba

Electronic Vision, LLC
Managing Member
Bob Smith

Electronic Vision, LLC
Managing Member
ABC, Inc.
Other Entities

Enter your business name as shown on required U.S. federal tax documents on the “Name” line. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on the “Business name/disregarded entity name” line.

Exemptions

• If you are exempt from backup withholding and/or FATCA reporting, enter in the Exemptions box, any code(s) that may apply to you. See Exempt payee code and Exemption from FATCA reporting code.
Exempt payee code

Exempt payee code. Generally, individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends. Corporations are exempt from backup withholding for payments made in settlement of payment card or third-party network transactions.

Note: If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding.

The following codes identify payees that are exempt from backup withholding:

- 1—An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(1)
- 2—The United States or any of its agencies or instrumentalities
- 3—A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities
- 4—A foreign government or any of its political subdivisions, agencies, or instrumentalities
- 5—A corporation
- 6—A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States
- 7—A futures commission merchant registered with the Commodity Futures Trading Commission
- 8—A real estate investment trust
- 9—An entity registered at all times during the tax year under the Investment Company Act of 1940
- 10—A common trust fund operated by a bank under section 15A4(a)
- 11—A financial institution
- 12—A middleman known in the investment community as a nominee or custodian
- 13—A trust exempt from tax under section 664 or described in section 4947

Exemptions from FATCA

- Exemption from FATCA reporting code. The following codes identify payees that are exempt from reporting under FATCA. These codes apply to persons submitting this form for accounts maintained outside of the United States by certain foreign financial institutions. Therefore, if you are only submitting this form for an account you hold in the United States, you may leave this field blank.

  Consult with the person requesting this form if you are uncertain if the financial institution is subject to these requirements.

- A—An organization exempt from tax under section 501(a) or any individual retirement plan as defined in section 7701(a)(37)
- B—The United States or any of its agencies or instrumentalities
- C—A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities
- D—A corporation the stock of which is regularly traded on one or more established securities markets, as described in Reg. section 1.1472-1(c)(1)(i)
- E—A corporation that is a member of the same expanded affiliated group as a corporation described in Reg. section 1.1472-1(c)(1)(i)
- F—A dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any state
– G—A real estate investment trust
– H—A regulated investment company as defined in section 851 or an entity registered at all times during the tax year under the Investment Company Act of 1940
– I—A common trust fund as defined in section 584(a)
– J—A bank as defined in section 581
– K—A broker
– L—A trust exempt from tax under section 664 or described in section 4947(a)(1) M—A tax exempt trust under a section 403(b) plan or section 457(g) plan

Payments Exempt from Backup Withholding

• Dividends and patronage dividends
• Interest payments
• Other types of payments
  – Wages
  – IRA Distributions
  – etc
Enter TIN

- **Enter your TIN in the appropriate box.** If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

- If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

- If you are a single-member LLC that is disregarded as an entity separate from its owner (see *Limited Liability Company (LLC)* on page 2), enter the owner’s SSN (or EIN, if the owner has one). Do not enter the disregarded entity’s EIN. If the LLC is classified as a corporation or partnership, enter the entity’s EIN.

- **Note.** See the chart on page 4 for further clarification of name and TIN combinations.
Certification

- As a withholding agent you will have the customer certify this information.
Requirements for a substitute W-9

• You may develop and use your own Form W-9 (a substitute Form W-9) if its content is substantially similar to the official IRS Form W-9 and it satisfies certain certification requirements.

• You may incorporate a substitute Form W-9 into other business forms you customarily use, such as account signature cards. However, the certifications on the substitute Form W-9 must clearly state (as shown on the official Form W-9) that under penalties of perjury:
  • The payee’s TIN is correct,
  • The payee is not subject to backup withholding due to failure to report interest and dividend income,
  • The payee is a U.S. person, and
  • The payee is exempt from FATCA reporting.

You may not:

• Use a substitute Form W-9 that requires the payee, by signing, to agree to provisions unrelated to the required certifications, or
• Imply that a payee may be subject to backup withholding
• “The Internal Revenue Service does not require your consent to any provision of this document other than the certifications required to avoid backup withholding.”

• If you use a substitute form, you are required to provide the Form W-9 instructions to the payee only if he or she requests them. However, if the IRS has notified the payee that backup withholding applies, then you must instruct the payee to strike out the language in the certification that relates to underreporting. This instruction can be given orally or in writing. See item 2 of the Certification on Form W-9. You can replace “defined below” with “defined in the instructions” in item 3 of the Certification on Form W-9 when the instructions will not be provided to the payee except upon request. For more information, see Rev. Proc. 83-89, 1983-2 – 613; amplified by Rev. Proc. 96-26, which is on page 22 of Internal Revenue Bulletin 1996-8 at www.irs.gov/pub/irs-irb/irb96-08.pdf.
Applied for..

- For interest and dividend payments and certain payments with respect to readily tradable instruments, the payee may return a properly completed, signed Form W-9 to you with “Applied For” written in Part I. This is an “awaiting-TIN” certificate. The payee has 60 calendar days, from the date you receive this certificate, to provide a TIN. If you do not receive the payee's TIN at that time, you must begin backup withholding on payments.

- **Reserve rule.** You must backup withhold on any reportable payments made during the 60-day period if a payee withdraws more than $500 at one time, unless the payee reserves an amount equal to the current year’s backup withholding rate on all reportable payments made to the account.
- **Alternative rule.** You may also elect to backup withhold during this 60-day period, after a 7-day grace period, under one of the two alternative rules discussed below.
- **Option 1.** Backup withhold on any reportable payments if the payee makes a withdrawal from the account after the close of 7 business days after you receive the awaiting-TIN certificate. Treat as reportable payments all cash withdrawals in an amount up to the reportable payments made from the day after you receive the awaiting-TIN certificate to the day of withdrawal.
- **Option 2.** Backup withhold on any reportable payments made to the payee's account, regardless of whether the payee makes any withdrawals, beginning no later than 7 business days after you receive the awaiting-TIN certificate.
Note:

The 60-day exemption from backup withholding does not apply to any payment other than interest, tradable instruments. Any other reportable payment, such as a withholding immediately, even if the payee has applied for and is awaiting a TIN.

Even if the payee gives you an awaiting-TIN certificate, you must backup withhold on reportable interest and dividend payments if the payee does not certify, under penalties of perjury, that the payee is not subject to backup withholding.

If you do not collect backup withholding from affected payees as required, you may become liable for any uncollected amount.

• **Electronic Submission of Forms W-9**
  - Requesters may establish a system for payees and payees’ agents to submit Forms W-9 electronically, including by fax. A requester is anyone required to file an information return. A payee is anyone required to provide a taxpayer identification number (TIN) to the requester.
  - **Payee’s agent.** A payee’s agent can be an investment advisor (corporation, partnership, or individual) or an introducing broker. An investment advisor must be registered with the Securities and Exchange Commission (SEC) under the Investment Advisers Act of 1940. The introducing broker is a broker-dealer that is regulated by the SEC and the National Association of Securities Dealers, Inc., and that is not a payer. Except for a broker who acts as a payee’s agent for “readily tradable instruments,” the advisor or broker must show in writing to the payer that the payee authorized the advisor or broker to transmit the Form W-9 to the payer.
• Electronic system. Generally, the electronic system must: Ensure the information received is the information sent, and document all occasions of user access that result in the submission;
• Make reasonably certain that the person accessing the system and submitting the form is the person identified on Form W-9, the investment advisor, or the introducing broker;
• Provide the same information as the paper Form W-9;
• Be able to supply a hard copy of the electronic Form W-9 if the Internal Revenue Service requests it; and
• Require as the final entry in the submission an electronic signature by the payee whose name is on
• Form W-9 that authenticates and verifies the submission. The electronic signature must be under penalties of perjury and the perjury statement must contain the language of the paper Form W-9.
Generally, a Form W-8 BEN provided without a U.S. taxpayer ID number (TIN) will remain in effect for a period starting on the date the form is signed and ending on the last day of the third succeeding calendar year, unless a change in circumstances makes any information on the form incorrect.
For example, a Form W-8 BEN signed on Sept. 30, 2011 remains valid through December 31, 2014. A Form W-8 BEN furnished with a U.S. TIN will remain in effect until a change in circumstances makes any information on the form incorrect, provided that the withholding agent reports on Form 1042-S at least one payment annually to the beneficial owner who provided the Form W-8 BEN.
If the customer receives certain types of income, the customer must provide Form W-8BEN to:

– Establish that the customer is a foreign person;
– Claim that the customer is the beneficial owner of the income for which Form W-8BEN is being provided; and
– And on deposit interest gets the exemption from 1099Int reporting

Address

• **Permanent residence address.** The term *permanent residence address* is the address in the country of which the person claims to be a resident for purposes of that country's income tax. The address of a financial institution with which the person maintains an account, a post office box, or an address used solely for mailing purposes is not a permanent residence address unless such address is the only permanent address used by the person and appears as the person's registered address in the person's organizational documents. Further, an address that is provided subject to instructions to hold all mail to that address is not a permanent residence address. If the person is an individual who does not have a tax residence in any country, the permanent address is the place at which the person normally resides. If the person is an entity and does not have a tax residence in any country, then the permanent residence address is the place at which the person maintains its principal office.
Expiration of Form W-8BEN

Generally, a Form W-8BEN provided without a U.S. taxpayer identification number (TIN) will remain in effect for a period starting on the date the form is signed and ending on the last day of the third succeeding calendar year, unless a change in circumstances makes any information on the form incorrect.

A Form W-8BEN furnished with a U.S. TIN will remain in effect until a change in circumstances makes any information on the form incorrect, provided that the withholding agent reports on Form 1042-S at least one payment annually to the beneficial owner who provided the Form W-8BEN.

Important: If there is a US Person on the account then a W-9 is completed by the US Person. If no US person then we do a W-8BEN on each NRA on the account.
FORM W-8BEN-E CERTIFICATE OF STATUS OF BENEFICIAL OWNER FOR U.S. TAX WITHHOLDING AND REPORTING (ENTITIES)
Names and TINs To Use for Information Reporting

- Show the full name and address as provided on Form W-9 on the information return filed with the IRS and on the copy furnished to the payee. If you made payments to more than one payee or the account is in more than one name, enter on the first name line of the information return only the name of the payee whose TIN is shown on Form W-9. You may show the names of any other individual payees in the area below the first name line on the information return.
Notices From the IRS

• The IRS will send you a notice if the payee's name and TIN on the information return you filed do not match the IRS's records. (See Taxpayer Identification Number (TIN) Matching.) You may have to send a “B” notice to the payee to solicit another TIN. Pub. 1281, Backup Withholding for Missing and Incorrect Name/TIN(s), contains copies of the two types of “B” notices.

Taxpayer Identification Number (TIN) Matching

• TIN Matching allows a payer or authorized agent who is required to file Forms 1099-B, DIV, INT, K, MISC, OID, and/or PATR to match TIN and name combinations with IRS records before submitting the forms to the IRS. TIN Matching is one of the e-services products that is offered and is accessible through the IRS website. Go to IRS.gov and enter e-services in the search box. It is anticipated that payers who validate the TIN and name combinations before filing information returns will receive fewer backup withholding (CP2100) notices and penalty notices.
IRS Truncated Taxpayer Identification Numbers (7/15/14)

• Summary of Final Rule: This document contains final regulations regarding an IRS truncated taxpayer identification number, or a TTIN. Where not prohibited by the Internal Revenue Code, applicable regulations, other guidance published in the Internal Revenue Bulletin, forms, or instructions, these regulations allow use of a TTIN in lieu of a taxpayer’s social security number (SSN), IRS individual taxpayer identification number (ITIN), IRS adoption taxpayer identification number (ATIN), or employer identification number (EIN) on payee statements and certain other documents. The TTIN displays only the last four digits of a taxpayer identifying number; either asterisks (*) or Xs replace the first five digits of the identifying number. These regulations affect persons that furnish or receive payee statements and other documents that the Internal Revenue Code, regulations, or other published guidance requires to be furnished to another person to the extent that a TTIN may appear in lieu of the SSN, ITIN, ATIN, or EIN of the payee or document recipient.

• The information returns you file must include a correct Name/TIN combination to allow us to match the information reported against the income included on the payee’s income tax return.

• The IRS checks whether a Name/TIN combination is correct by matching it against a file containing all social security numbers (SSNs) issued by SSA or against a file containing all employer identification numbers (EINs) issued by IRS. Then IRS compares the name control on the payee document (if provided) to the name control on file.
Name Controls

• A name control consists of up to four characters. To help ensure that the Name/TIN combination for an account matches the Name/TIN combination on IRS and SSA files, use the following information when you open an account for a payee.

Individuals

• IRS develop a name control for an individual from the last name on the information return. For example:

• Ralph Teak; Dorothy Willow; Joe McCedar

• If an individual has a hyphenated last name, IRS develop the name control from the first of the two last names.
Joint Accounts

• For joint accounts, regardless of whether the payees use the same or different last names, IRS develop the name control from the primary payee’s last name. For example:

  • Joseph Ash & Linda Birch; Edward & Joan Maple

• Reminder: If a payee has changed his or her last name, for instance, due to marriage, he or she needs to inform the Social Security Administration (SSA) of the name change.

Sole Proprietors

• IRS generally develop the name control (first name line) from the last name on the information return. For example:

  • Mark Hemlock; The Sunshine Cafe; Karen Birch; Ace Computer Co.
Estates

IRS develops the name control for a decedent’s estate from the decedent’s name on the first name line on the information return. The decedent’s name may be followed by the word “Estate.” (The TIN should be the one that was assigned to the estate.) For example:

Frank White Estate
Alan Greene, Exec

Estate of Frank White
John Black, Exec

Trusts and Fiduciaries

IRS generally develop the name control for a trust or fiduciary account from the name of the person in whose name the trust or fiduciary account was established. For example:

Jonathan Periwinkle Irrevocable Trust
FBO Patrick Redwood
Chestnut Bank, Trustee

Memory Church Endowment Trust
John Waxbean, Trustee
Partnerships

• IRS develop the name control for a partnership from the trade or business name of the partnership; if there is not any, IRS develop the name control from the last name of the first partner listed on the original Form SS-4 (which was used to apply for the EIN). For example:

• (The) Oak Tree A.S. Greene, K.L. Black & O.H. Brown, Ptrs.

The Merry Go Round

E.F. Brown, M.S. White & T.J. Green, Ptrs.
The Brown & White Company
Other Organizations

IRS develops the name control for other organizations from the entity's name on the original Form SS-4 (which was used to apply for the EIN).

**St Bernard's Methodist Church Building**
Fund for St. Bernard's Church

**ABC Company**
Main Street Store

**NOTE:** Extraneous words, titles, and special characters (i.e., Mr., Mrs., Dr., and apostrophes, etc.), may be dropped during the development of name controls. For example, IRS dropped the period in St. Bernard's Methodist Church.

FORMS USED BY FINANCIAL INSTITUTIONS TO REPORT INCOME OR INTEREST
**1042-S**

**Foreign Person's U.S. Source Income Subject to Withholding (2014)**

- **AMENDED**
- **PRO-RATA BASIS REPORTING**
- **©Gettechnical Inc. 86**

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**1099-INT**

**INTEREST INCOME**

- **©Gettechnical Inc. 87**

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WHAT HAPPENS IF TAX IDENTIFICATION NUMBERS DO NOT MATCH?

Publication 1281

• This publication contains information about the backup withholding (BWH-B) requirements that apply to the information returns that you filed. The law provides that you may be required to withhold a specified percentage (see BWH-B Rate/Effective Dates) of certain reportable payments made to recipients (payees) for whom you filed an information return that had a missing or an incorrect Taxpayer Identification Number (TIN).

• If you have any questions about backup withholding, information reporting, Forms 1099, or the CP2100 or CP2100A Notice(s) and listing(s), you may call:

• The Information Reporting Program Centralized Customer Service Site
• Telephone: (866) 455-7438 (TOLL FREE) / (304) 263-8700 (not toll free)
• Hours: 8:30 am to 4:30 pm Monday through Friday, ET
• E-Mail: mccirp@irs.gov.
SEND CUSTOMER B NOTICE WITHIN 15 DAYS

IRS SENDS A NOTICE SAYING TAXPAYER ID NUMBER IS MISSING OR INCORRECT

IF CUSTOMER DOES NOT SIGN W-9 WITHIN 30 DAYS THEN BEGIN BACKUP WITHHOLDING

*See detailed explanation in Publication 1281

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Incorrect Name/TIN

Does the Name/TIN and the account number on the notice match your records?

YES

Is this the first notification?

YES

Send the first B-Notice with Form W-9 to the payee.

NO

Send the second B-Notice to the payee.

NO

Is the mismatch due to IRS processing?

YES

No action required.

NO

Is the mismatch due to an error in your submission?

YES

Mismatch due to record update. No action required.

NO

Correct your records if necessary.

STOP BACKUP WITHHOLDING IF ALREADY BEGUN.

Update your records with the certified Name/TIN.

BEGIN BACKUP WITHHOLDING WITHIN/BY 30 BUSINESS DAYS.

Did the payee return a certified W-9 within 30 business days?

YES

BEGIN BACKUP WITHHOLDING WITHIN/BY 30 BUSINESS DAYS.

NO

Update your records.

Did the payee return a SSA Letter certifying TIN within 30 business days?

YES

BEGIN BACKUP WITHHOLDING WITHIN/BY 30 BUSINESS DAYS.

NO

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**First “B” Notice**

1. Send the First “B” Notice, Form W-9, and an optional reply envelope to the payee within 15 business days from the date of the CP2100/CP2100A Notice or the date you received it (whichever is later). Date the “B” Notice no later than 30 business days after the date of the CP2100/CP2100A Notice or the date you received it (whichever is later). The outer mailing envelope must be clearly marked “IMPORTANT TAX INFORMATION ENCLOSED” or “IMPORTANT TAX RETURN DOCUMENT ENCLOSED.”
2. Make sure that necessary information such as the date, account number, and BWH rate are on the “B” Notice before mailing it to the payee. If you do not include the optional reply envelope be sure to provide return address information in your mailing.

3. Update your records with the corrected information you receive from the payee and include it on any future information returns you file. Do not send the signed Form W-9 to the IRS.
4. Begin backup withholding on payments made to payees who do not return a signed Form W-9 in response to the First “B” Notice, no later than 30 business days after the date of the CP2100/CP2100A Notice or the date you received it (whichever is later).

• However, you may begin backup withholding the day after the date you receive the CP2100 Notice. Stop backup withholding no later than 30 calendar days after you receive the signed Form W-9 from the payee. You may stop backup withholding any time within that 30 calendar day period.

• Note: Do not file a corrected Information Return unless you are also making a change to the dollar amount reported on a Form 1099.
• It is your responsibility to send the appropriate “B” Notice to the payee, when required, to obtain the correct Name/TIN. This information may not be solicited by telephone. You need a TIN that the payee certifies as correct on Form W-9 in order to stop current backup withholding or prevent backup withholding from starting.

Second “B” Notice

1. Send the Second “B” Notice and an optional reply envelope to the payee within 15 business days after the date of the CP2100/CP2100A Notice or the date you received it (whichever is later). Date the “B” notice no later than 30 business days after the date of the CP2100/CP2100A Notice or the date you received it (whichever is later). Do not send a Form W-9. The outer mailing envelope must be clearly marked “IMPORTANT TAX INFORMATION ENCLOSED” or “IMPORTANT TAX RETURN DOCUMENT ENCLOSED.”
2. The payee must go to their local SSA office to have his or her social security number validated at Social Security, Notice to Third Party of Social Security Number Assignment. If the TIN is an EIN, the payee must contact the IRS to get his or her employer identification number validated on the IRS Letter.

3. Allow 30 business days after the date of the Second “B” Notice to receive SSA Letter certifying SSN from the payee. Begin backup withholding on payments made to the payee if you do not receive this by the 30th business day. You may, at your option, begin backup withholding anytime during the 30 business day period. You must continue to backup withhold until you receive the validation. Stop backup withholding no later than 30 days after you receive the required verification. You may stop backup withholding anytime within the 30 calendar day period after receiving verification.
• Note: You are not required to file a corrected Information Return unless you are also making a change to the dollar amount reported on Form 1099.

Third and Subsequent Notices

• Generally, you may ignore a third or subsequent notice of missing or incorrect TIN(s) if you completed the actions for the First and Second “B” Notices and the incorrect payee name and TIN combination and account number remain the same.

• However, if the CP2100/CP2100A Notice and listing(s) relate to the same payee, but with a different Name/TIN combination than on the “first” and “second” notice, you must treat the notice as a “first” notice.
Resources to use:
- IRS Publications
- 1281, 1586, 519 and 515
- IRS Forms and Instructions
- W-9, W-8BEN and W-8BEN-E plus W-7
- IRS Reporting and Instructions
- 1099Int and 1042S

WHAT HAPPENED? FOUR STEPS FOR FATCA COMPLIANCE FOR US FI
Individual Taxpayers will report Foreign Financial Assets

- FATCA requires certain U.S. taxpayers holding foreign financial assets with an aggregate value exceeding $50,000 to report certain information about those assets on a new form (Form 8938) that must be attached to the taxpayer’s annual tax return.
- Failure to report foreign financial assets on Form 8938 will result in a penalty of $10,000 (and a penalty up to $50,000 for continued failure after IRS notification).
- Further, underpayments of tax attributable to non-disclosed foreign financial assets will be subject to an additional substantial understatement penalty of 40 percent.
**FATCA Information for U.S. Financial Institutions and Entities**

U.S. financial institutions (USFIs) and other types of U.S. withholding agents are required to withhold 30% on certain U.S. source payments made to foreign entities, if they are unable to document such entities for purposes of FATCA. USFIs and U.S. withholding agents must also report to the IRS information about certain non-financial foreign entities with substantial U.S. owners. USFIs are also eligible to submit a FATCA Registration application via the FATCA Registration Website for the following reasons:

- A USFI with a foreign branch in a Model 1 IGA jurisdiction to obtain a GIIN for the branch.
- A USFI with a foreign branch that is a qualifying intermediary (QI) to renew the branch's QI agreement.

A USFI may register as a sponsoring entity for FFIs and agree to perform, on behalf of the FFI, all the FATCA activities that the FFI otherwise would have to do.

A USFI may register as a Lead FI to manage the FATCA registration process for members of its Expanded Affiliated Group of FFIs.

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**STEP ONE US FI**

**NEW W-9 AND NEW W-8BEN AND NEW W-8BEN E**
Requirements for a substitute W-9

• You may develop and use your own Form W-9 (a substitute Form W-9) if its content is substantially similar to the official IRS Form W-9 and it satisfies certain certification requirements.
• You may incorporate a substitute Form W-9 into other business forms you customarily use, such as account signature cards. However, the certifications on the substitute Form W-9 must clearly state (as shown on the official Form W-9) that under penalties of perjury:
  • The payee’s TIN is correct,
  • The payee is not subject to backup withholding due to failure to report interest and dividend income,
  • The payee is a U.S. person, and
  • The payee is exempt from FATCA reporting.
**STEP TWO US FI**
**1042S REPORTING**
**STARTED 2013**
• (5) Interest payments to certain nonresident alien individuals—(i) General rule. In the case of interest aggregating $10 or more paid to a nonresident alien individual (as defined in section 7701(b)(1)(B)) that is reportable under Sec. 1.6049-8(a), the payor shall make an information return on Form 1042-S, "Foreign Person’s U.S. Source Income Subject to Withholding," for the calendar year in which the interest is paid. The payor or middleman shall prepare and file Form 1042-S at the time and in the manner prescribed by section 1461 and the regulations under that section and by the form and its accompanying instructions. See Sec. Sec. 1.1461-1(b) (rules regarding the preparation of a Form 1042) and 1.6049-6(e)(4) (rules for furnishing a copy of the Form 1042-S to the recipient). To determine whether an information return is required for original issue discount, see Sec. Sec. 1.6049-5(f) and 1.6049-8(a).

• (ii) Effective/applicability date. Paragraph (b)(5)(i) of this section shall be applicable for payments made on or after January 1, 2013. (For interest paid to a Canadian nonresident alien individual on or before December 31, 2012, see paragraph (b)(5) of this section as in effect and contained in 26 CFR part 1 revised April 1, 2000.)
• (4) **Special rule for amounts described in Sec. 1.6049-8(a).** In the case of amounts described in Sec. 1.6049-8(a) (relating to payments of deposit interest to certain nonresident alien individuals) paid on or after January 1, 2013, any person who makes a Form 1042-S, “Foreign Person’s U.S. Source Income Subject to Withholding,” under section 6049(a) and Sec. 1.6049-4(b)(5) shall furnish a statement to the recipient either in person or by first class mail to the recipient’s last known address. The statement shall include a copy of the Form 1042-S required to be prepared pursuant to Sec. 1.6049-4(b)(5) and a statement to the effect that the information on the form is being furnished to the United States Internal Revenue Service.

• (5) **Effective/applicability date.** Paragraph (e)(4) of this section applies to payee statements reporting payments of deposit interest to nonresident alien individuals paid on or after January 1, 2013.

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• **Sec. 1.6049-8 Interest and original issue discount paid to certain nonresident aliens.**
  
  • **(a) Interest subject to reporting requirement.** For purposes of Sec. Sec. 1.6049-4, 1.6049-6, and this section, and except as provided in paragraph (b) of this section, the term interest means interest described in section 871(i)(2)(A) that relates to a deposit maintained at an office within the United States, and that is paid to a nonresident alien individual who is a resident of a country that is identified, in an applicable revenue procedure (see Sec. 601.601(d)(2) of this chapter) as of December 31 prior to the calendar year in which the interest is paid, as a country with which the United States has in effect an income tax or other convention or bilateral agreement relating to the exchange of tax information within the meaning of section 6103(k)(4), under which the competent authority is the Secretary of the Treasury or his delegate and the United States agrees to provide, as well as receive, information.
Affected Countries for 1042S reporting...

- Antigua & Barbuda
- Aruba
- Australia
- Austria
- Azerbaijan
- Bangladesh
- Barbados
- Belgium
- Bermuda
- British Virgin Islands
- Bulgaria
- Canada
- China
- Costa Rica
- Cyprus
- Czech Republic
- Denmark
- Dominica
- Dominican Republic
- Egypt
- Estonia
- Finland
- France
- Germany
- Gibraltar
- Greece
- Grenada
- Guernsey
- Guyana
- Honduras
- Hungary
- Iceland
- India
- Indonesia
- Ireland
- Isle of Man
- Israel
- Italy
- Jamaica
- Japan
- Jersey
- Kazakhstan
- Korea (South)
- Latvia
- Liechtenstein
- Lithuania
- Luxembourg
- Malta
- Marshall Islands
- Mexico
- Monaco
- Morocco
- Netherlands
- Netherlands island territories: Bonaire, Curacao, Saba, St. Eustatius and St. Maarten (Dutch part)
- New Zealand
- Norway
- Pakistan
- Panama
- Peru
- Philippines
- Poland
- Portugal
- Romania
- Russian Federation
- Slovak Rep.
- Slovenia
- South Africa
- Spain
- Sri Lanka
- Sweden
- Switzerland
- Thailand
- Trinidad and Tobago
- Tunisia
- Turkey
- Ukraine
- United Kingdom
- Venezuela
STEP THREE FI
REGISTER FOREIGN BRANCHES

Register foreign branches

• U.S. financial institutions will register their foreign branch operations through the Portal in certain circumstances. A U.S. financial institution with a foreign branch that is a reporting Model 1 FFI must register on behalf of the branch and obtain a GIIN to comply with its FATCA Partner reporting obligations with respect to such branch. A U.S. financial institution with a foreign branch that is a QI and seeks to maintain QI status will register through the Portal to renew its QI status for the branch regardless of whether the branch is a reporting Model 1 FFI. A U.S. financial institution with non-QI branch operations in a Model 2 jurisdiction or in a non-IGA jurisdiction is not required to register with the IRS. The Treasury Department and the IRS are considering ways to eliminate duplicative reporting or effect, as appropriate, uniform reporting under chapters 4 and 61.
STEP FOUR US FI
BACKUP WITHHOLDING
US BANK AND FFI

- Document GIINs
- Backup withhold if not registered bank or jurisdiction
- 30%
GIIN and IRS FFI List

- **GIIN.** The term *GIIN or Global Intermediary Identification Number* means the identification number that is assigned to a participating FFI or registered deemed-compliant FFI. The term *GIIN or Global Intermediary Identification Number* also includes the identification number assigned to a reporting Model 1 FFI for purposes of identifying such entity to withholding agents. All GIINs will appear on the IRS FFI list.

- **IRS FFI list.** The term *IRS FFI list* means the list published by the IRS that contains the names and GIINs for all participating FFIs, registered deemed-compliant FFIs, and reporting Model 1 FFIs.

Models

- **Model 1 IGA.** The term *Model 1 IGA* means an agreement or arrangement between the United States or the Treasury Department and a foreign government or one or more agencies thereof to implement FATCA through reporting by financial institutions to such foreign government or agency thereof, followed by automatic exchange of the reported information with the IRS. The IRS will publish a list identifying all countries that are treated as having in effect a Model 1 IGA.

- **Model 2 IGA.** The term *Model 2 IGA* means an agreement or arrangement between the United States or the Treasury Department and a foreign government or one or more agencies thereof to facilitate the implementation of FATCA through reporting by financial institutions directly to the IRS in accordance with the requirements of an FFI agreement, supplemented by the exchange of information between such foreign government or agency thereof and the IRS. The IRS will publish a list identifying all countries that are treated as having in effect a Model 2 IGA.
Participating FFI. The term *participating FFI* means an FFI that has agreed to comply with the requirements of an FFI agreement, including an FFI described in a Model 2 IGA that has agreed to comply with the requirements of an FFI agreement. The term *participating FFI* also includes a QI branch of a U.S. financial institution, unless such branch is a reporting Model 1 FFI.

NFFE. The term *NFFE or non-financial foreign entity* means a foreign entity that is not a financial institution (including a territory NFFE). The term also means a foreign entity treated as an NFFE pursuant to a Model 1 IGA or Model 2 IGA.

Thank you for your participation!

Content Questions?
Deborah L. Crawford
Gettechnical Inc
1-800-354-3051
gethechnical@msn.com
www.gettechnicalinc.com

Webinar Questions?
Kyle Bennett
TTS
1-800-831-0678
www.BankWebinars.com
info@ttsTrain.com

Upcoming Webinars
April 29th - Opening New Accounts II - Business Accounts
April 29th - Reg E Compliance - Five Best Practices for Handling Disputes
May 5th - Officer Calling: Prospecting, Preparing & Presentation
May 5th - Lending 101
May 6th - Bullet Proof Your Loan Portfolio
May 6th - Opening New Accounts III - Trust, Fiduciary and Minor Accounts
May 7th - Start Coaching & Stop Hovering Over the Branch
May 8th - BSA Series: Part II - Growing Your CDD Questionnaire for Business Accounts
May 11th - For Sales Managers: Why Aren't Your Bankers Selling?
May 12th - What to Do When a Customer Dies