



FACT SHEET

US Tax Information Reporting and Withholding

Introduction

The US Internal Revenue Code ("IRC") obligates financial institutions processing US-source income to report such income both to the IRS and to the Beneficial Owner (BO) recipients of that income. For non-US residents, IRC Section 1441 embodies these obligations, including applicable tax withholding rules and related tax information reporting requirements. Certain types of income in favor of non-US resident BOs are subject to withholding tax at 30% of the amount received; however, they may be subject to a lower rate of withholding, or even exemption from withholding, depending on the features of Double Taxation Treaties and certain other factors.

The Service

IRC 1441 contains a complex set of rules. Failure to comply can subject financial institutions to significant penalties.

Some samples include (not limited to):

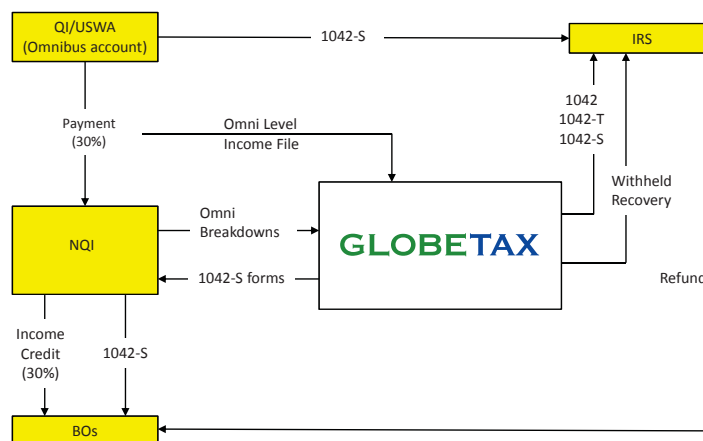
- Validation of tax forms
- Withholding of taxes at appropriate rate
- Timely remittance of the tax withheld to IRS
- Reporting to the clients and to the IRS on Forms 1042-S/1099

Non-compliance with these rules can result in large penalties imposed by the IRS. GlobeTax offers expert solutions to these and other aspects of the US tax withholding and reporting workflow. Our suite of products streamlines existing withholding and reporting processes and enables a new, fully compliant process. Our solution is an ideal fit for QIs, NQIs, income recipients and USWAs. For NQIs we offer reporting to the IRS and BOs. For QIs we offer documentation management, validation of the tax forms and income allocation processing.

Who Can Use This Service?

- **Qualified Intermediaries (QI)**
- **Withholding Agents (USWA)**
- **Non-Qualified Intermediaries (NQI)**
- **Non-US Flow-Through Entities**

The Process



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Sydney
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Benefits

- Supports NQI compliance with US Section 1441 NRA information reporting requirements
- Reduces cost
- Helps to avoid/reduce penalties related to late filing or failure to report and file with the IRS

Service Features

- Supports blended withholding rate calculations
- Transmission of QI withholding rate pool statements to upstream withholding agents
- Reconciliation of Forms 1042-S filed by QIs with the amounts paid by upstream Withholding Agents
- Consulting services:
 - Tax withholding and information reporting compliance health checks
 - QI audit health checks
- Preparation of Forms 1042-S & 1099
- Filing of Forms 1042-S and 1099 with the IRS and income recipients as applicable
- Support of NQIs reporting obligations to the beneficial owner level (i.e. Forms 1042-S and 1099 production)
- Analysis of Forms 1042-S for viable reclaims and assistance with filing
- Document management: Validation, Renewal, B-Notice, TIN-matching
- Custom solutions available

Contact

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