

MEMORANDUM

TO: Foreign National
FROM: Ruth Erb, Managing Director, Accounting Operations
SUBJECT: Foreign National Income Taxation Analysis
DATE: September 1, 2019

The United States has Bilateral Treaty Benefits signed with more than 65 countries around the world. Treaty benefits provide an exemption from, or a reduced rate of, withholding for specific items of income.

What does this mean?

If a tax treaty between the United States and your country exists, we would apply the rules based on the benefits of the treaty. To find out if your country of residency has a treaty benefit with the United States, please visit IRS Publication 901: <https://www.irs.gov/pub/irs-pdf/p901.pdf>. Treaty benefits can only be extended to those payees who have completed the Foreign National Information System (FNIS) process and submitted the required documentation.

If a tax treaty between the United States and your country does not exist, *or* does not include your specific items of income, *or* if the FNIS process is not completed, we would apply the full tax rate for Non-Resident Aliens.

What is the tax rate?

Services provided in the United States are US Source Income and subject to taxation at the rate of 30% of the gross payment. This rule applies to payments made to both businesses and individuals. The taxes assessed are withheld at time of payment.