Guide to U.S. Tax Forms for Foreign Suppliers

1. Quick Form Selection Matrix (Forms found at: https://www.irs.gov/ [Search for "W8"])

Supplier Type	Primary Purpose	Correct Form
Foreign Entity / Business	Claiming foreign status or tax treaty benefits	**W-8BEN-E**
Foreign Individual	Claiming foreign status or tax treaty benefits	**W-8BEN**
Foreign Entity/Individual	Income effectively connected with a U.S. trade/business	**W-8ECI**
Foreign Government/Bank	Claiming exemption under IRS sections 892 or 895	**W-8EXP**

2. Step-by-Step Instructions: Form W-8BEN-E

This is the most common form used by foreign corporate suppliers.

Part I: Identification of Beneficial Owner (These are all required)

- **Line 1:** Legal name of the organization. Do not use abbreviations.
- **Line 2:** Country of incorporation or organization.
- **Line 4:** Chapter 3 Status. Check the appropriate box.
- **Line 5:** FATCA Status. Most standard active businesses check **Active NFFE**.
- **Line 6:** Permanent residence address. Do not use a P.O. Box or in-care-of address.
- **Line 9b:** Foreign TIN. Provide the tax identification number issued by your home country.

Part III: Claim of Tax Treaty Benefits (All sections must be completed to claim a treaty exemption)

- **Line 14a:** Enter the country name where the entity claims tax treaty residence.
- **Line 14b:** Check the box. You must meet the "Limitation on Benefits" (LOB) provisions. Most active commercial businesses check **Company that meets the active trade or business test**.
- **Line 15:** Specify the treaty article number, the withholding rate, and the type of income. Treaty information can be found at:

  https://www.irs.gov/businesses/international-businesses/united-states-income-tax-treaties-a-to-z

Part XXV: Active NFFE Status (Required if claiming this status under FATCA Status)

- **Line 39:** Check this box to certify that less than 50% of your gross income is passive, and less than 50% of your assets produce passive income.

Part XXX: Certification (Required)

- An authorized officer of the foreign entity must sign, date, and print their name. Check the box confirming you have the capacity to sign.

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3. Step-by-Step Instructions: Form W-8BEN

This form is used exclusively by foreign individuals (sole proprietors, independent contractors).

Part I: Identification of Beneficial Owner (These are all required)

- **Line 1:** Your full legal name.
- **Line 2:** Citizenship country.
- **Line 3:** Permanent residence address. Do not use a P.O. Box.
- **Line 6:** Foreign Tax Identifying Number (TIN) from your home country.

Part II: Claim of Tax Treaty Benefits (All sections must be completed to claim a treaty exemption)

- **Line 9:** Enter your country of residence for tax purposes.
- **Line 10:** State the specific treaty article, withholding rate, and income type. Treaty information can be found at:

  https://www.irs.gov/businesses/international-businesses/united-states-income-tax-treaties-a-to-z

Part III: Certification (Required)

- Sign and date the form. Check the box confirming you have the capacity to sign.

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4. Common Tax Treaty Benefits by Country

Without a valid W-8 form, U.S. entities must withhold a flat **30%** on certain payments. Valid treaty claims reduce or eliminate this.

Canada CA

- **Services / Business Profits:** Article VII. Withholding rate: **0%**. (Income is not taxable in the U.S. unless the supplier has a permanent establishment there).
- **Royalties (Industrial/Commercial):** Article XII. Withholding rate: **0%** for most copyrights, software, and patents; **10%** for some trademarks.

United Kingdom GB

- **Services / Business Profits:** Article VII. Withholding rate: **0%**. (Income is not taxable in the U.S. unless the supplier has a permanent establishment there).
- **Royalties (Industrial/Commercial):** Article XII. Withholding rate: **0%** for most copyrights, software, and patents.

Generalized / Other Treaty Countries

- **Services:** Most modern U.S. treaties reduce service income withholding to **0%** under the "Business Profits" article, provided the supplier has no physical office or permanent base in the U.S.
- **Royalties:** Typically reduced from 30% down to **0% to 15%**, depending on the specific country's treaty text.

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5. Critical Compliance Reminders

- **Expiration:** W-8 forms generally expire on December 31st of the **third calendar year** after the year they were signed.
- **Changes:** Suppliers must submit a new form within **30 days** if any information becomes incorrect (e.g., change of address or entity type).
- **U.S. Formats:** Dates on IRS forms must be written in the **MM-DD-YYYY** format.

⚠️ **Important Notice & Disclaimer**

No Tax Advice Provided
The information contained in this document is for general informational and educational purposes only. It does not, and is not intended to, constitute legal, financial, or tax advice.

Supplier Responsibility
Minnesota Management and Budget (MMB) cannot provide tax advice or assist foreign suppliers with determining their specific tax status, treaty eligibility, or how to complete IRS forms. Selecting and filling out the correct tax form is the sole responsibility of the supplier.

Consult a Professional
Tax regulations and treaty provisions are complex and subject to change. Foreign suppliers should consult with a qualified tax professional, CPA, or legal counsel in their home country or the United States to ensure compliance with U.S. tax withholding regulations.