



# ITIN ABROAD

## **Exception #1(a) - Third Party Withholding on Passive Income**

**1(a) exception applies to** individuals who are partners of a U.S. or foreign partnership that invests in the U.S. and who own assets that generate income subject to IRS information reporting and/or federal tax withholding requirements.

Information reporting and withholding requirements apply to third parties (frequently banks and other financial institutions) who will request an ITIN to enable them to file information reports that are required by law. Such documents which require reporting include:

- Form 8805 - Foreign Partner's Information Statement of Section 1446 Withholding Tax;
- Form 1042-S, Foreign Person's United States Source Income Subject to Withholding (from Distributions from Pensions, Dividends, Annuities, Rental Income, Interest, Retirement, Profit- Sharing Plans, IRA, Insurance Contracts, etc.);
- Form 1099-INT, Interest Income
- Schedule K-1, Partner's share of Income, Credits, Deductions, etc.

### **To claim the exception, you need 1 document:**

1. Submit a copy of the portion of the partnership or LLC Agreement;
  - displaying the partnership's EIN (Employer Identification Number) and
  - showing that the applicant is a partner in a partnership that is conducting business in the United States.