



ITIN ABROAD

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

1(b) exception applies to Individuals who have opened an interest-bearing bank deposit account that generates income which is effectively connected to their U.S. trade or business and is subject to IRS information reporting and/or federal tax withholding.

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 signed letter from the Bank on their official letterhead,
 - displaying your name, and
 - stating that you have opened a business account which is subject to IRS information reporting and/or federal tax withholding on the interest generated during the current tax year.

[Sample Letter from Withholding Agent](#)