



# ITIN ABROAD

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

**1(d) exception applies to** individuals who are receiving distributions during the current year of income such as pensions, annuities, rental income, royalties, dividends, etc., and are required to provide an ITIN to the withholding agent (i.e. investment company, insurance company, financial institution, etc.) for the purposes of tax withholding and/or reporting 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 documentation in the form of a signed letter or document from the withholding agent, on official letterhead,
  - showing the individual's name, and
  - evidencing that an ITIN is required to make distributions to the individual during the current tax year, which are subject to Federal tax withholding and/or IRS reporting requirements.

Note: Self-generated income statements will only be accepted with a copy of the contract or a letter with a post-marked envelope addressed from the withholding agent.