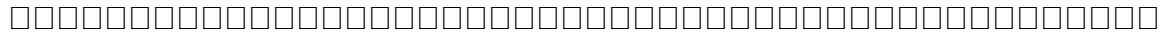


# Instructions on how to apply for a Central Withholding Agreement



## WHAT IS A CENTRAL WITHHOLDING AGREEMENT?

Central Withholding Agreement (CWA) is a tool that can help non-resident entertainers and athletes who plan to work in the United States. The agreement sets the amount of tax withholding to be in line with their annual projected tax liability.

## LEGAL BACKGROUND

Generally, Section 1441(a) of the Internal Revenue Code of 1986 requires all persons having the control, receipt, custody, disposal, or payment of certain items of income from sources within the United States of any nonresident alien individual to deduct and withhold from such income a tax equal to 30 percent thereof. The income items subject to this withholding include, but are not limited to, interest, dividends, rent, salaries, wages, compensations, remunerations, and emoluments. These persons are Withholding Agents.

Section 1.1441-4(b)(3) of the Income Tax Regulations provides that compensation for personal services of a nonresident alien individual who is engaged during the taxable year in the conduct of a trade or business within the United States may be wholly or partially exempted from withholding if a Central Withholding Agreement (CWA) is executed between the Internal Revenue Service and the alien individual with respect to the amount of withholding required. The regulation states that a CWA shall be available in the circumstances and in the manner set forth by the Service.

## IRS POLICY

The Internal Revenue Service will consider entering into a CWA permitting withholding on projected net income at a graduated rate, provided that all requirements of Revenue Procedure 89-47 are met. Accurately completing this application will fulfill the requirements for consideration.

In no event will a CWA reduce the amount of withheld taxes to an amount less than the anticipated income tax liability.

## STEPS TO APPLY FOR A CWA

### WHO CAN APPLY?

Individual nonresident alien (NRA) entertainers and athletes who perform or participate in events in the United States can request a CWA. They may qualify for a lower rate of withholding than 30% of gross income.

### An authorized representative may apply for the NRA.

To prevent any inadvertent unauthorized disclosures, we require a Form 2848 Power of Attorney and Declaration of Representative, or Form 8821 Tax Information Authorization, to be fully executed, giving us authority to discuss tax matters with the NRAs representative. The disclosure authorization, Form 2848 or Form 8821, must be signed by the NRA. A faxed copy of this form is acceptable. If there is a need to get additional information from other sources, we will either request authorization for that source or we will request the information through the source that already has authorization.

We may accept Form 2848 from an Attorney, CPA, or Enrolled Agent. Additionally, we may accept Form 2848 if the representative is an officer of the company, a full-time employee, family member, or enrolled actuary. The authorization should cover, at a minimum, CWA for the current year, Income Tax form 1040NR for the present and two prior years, as well as any Form 1042-S in the taxpayers' name for any year in question.

We would accept Form 8821 from anyone else designated to receive tax return information. Form 8821 authorizes any individual, corporation, firm, organization, or partnership designated to inspect and/or receive confidential information in any office of the IRS for the type of tax and the years or periods listed on Form 8821. The authorization should cover the same tax return information as shown above.

### WHEN SHOULD I APPLY?

Requests for a CWA must be submitted at least 90 days before the tour begins or the event occurs to allow for timely evaluation according to Revenue Procedure 89-47. Exceptions will be considered on a case-by-case basis.

### WHERE DO I APPLY?

Submit your request and all accompanying documents to:

Internal Revenue Service  
Program Manager, International & Insular  
Compliance, SBSE, Collection Policy  
SE:S:C:CP:IIC:CWA  
1220 SW 3rd Ave  
Portland, OR 97204

## HOW DO I APPLY?

The only standard portion of an application for a Central Withholding Agreement is the information worksheet appearing at the end of this publication. The remainder of the application will consist of a computer-generated letter explaining the facts requested below, along with the appropriate attachments. Be sure to date your application.

If an entertainment group consists of more than one NRA, generally each NRA will need to apply for a CWA. When requesting a CWA for multiple Entertainers, list each one and provide the complete information for each. Attach a spreadsheet showing all members' allocations in this instance. Total of all group members' portions should equal 100%.

Additional information must be provided in a timely manner when that information affects the computation or completion of this CWA. Delays in response may jeopardize the completion of this CWA.

**The signature of the person completing this application is required. Place this declaration above the signature:**

"I wish to obtain a Central Withholding Agreement between the nonresident alien athlete/entertainer, the withholding agent, and the Internal Revenue Service covering the services to be provided as shown.

Under penalties of perjury, I declare that I have examined this application, including any accompanying schedules, exhibits, affidavits, and statements and to the best of my knowledge and belief it is true, correct, and complete."

### Supporting Documents Required to Evaluate Your Application

1. Complete all boxes on the worksheet at the end of this publication with information on the NRA, the Withholding Agent and an alternate Contact Representative, if desired. For CWAs with multiple entertainers, complete the continuation sheet.

#### For an Entertainer(s), attach the following:

2. Copies of all documentation related to income of the covered alien(s) regarding the time period and performances or events to be covered by the CWA. Documentation should include (but not be limited to) contracts, letters of understanding, offer letters, engagement letters, agreements with employers, agents, representatives, promoters, venues such as exhibition halls and the like; persons providing, as support, lodging, transportation, accommodations; and accompanying personnel such as band members or trainers.
3. Submit all documentation related to merchandising, endorsements, sponsorship income, production or tour support, and reimbursement in any way associated with this activity or event.

4. An itinerary of dates and locations of all performances or events scheduled during the period to be covered by the CWA. Include any anticipated performances that may be in negotiation or planning. Tours crossing calendar years may require additional information and will require a separate CWA for each year.
5. As a spreadsheet, the proposed budget containing itemized estimates of all gross income (including but not limited to items listed in 2 and 3 above) and US expenses for the tour or event. If the tour encompasses events outside of the US, separately state the US income and expenses.
6. Notate any previous CWA(s) for the calendar year in which the CWA is requested. If there is any US sourced income previously earned in the calendar year not claimed on a CWA, provide the income, the source and verification of amounts withheld and deposited. If no prior income, state not applicable.
7. For each NRA, state whether the NRA has been in the US providing personal services during the current or three prior years. Provide the US taxpayer ID on which the income and deductions were reported.

#### For an Athlete, attach the following:

8. Copies of all agreements, such as bout agreements, presented to the athletic association.
9. Copies of any other agreements regarding residual income, such as Pay Per View or exclusive television rights to athlete's home country.
10. Copies of documents related to any other income such as endorsement income or sponsorship contracts.
11. Date and location of this Event as well as the promoter name.
12. State whether the NRA has been in the US providing personal services during the current or three prior years. Provide the US taxpayer ID on which the income and deductions were reported.
13. A spreadsheet of all expenses for the event such as manager, trainer, cutman, sanction fee, sparring partner, training facility expense, and travel to and from home country.
14. Notate any previous CWA(s) for the calendar year in which the CWA is requested. If there is any US sourced income previously earned in the calendar year not claimed on a CWA, provide the income, the source and verification of amounts withheld and deposited. If no prior income, state not applicable.

**NOTE: These lists are not all inclusive. If other information explains your situation, attach it.**

## Additional Information

### For the NRA:

- NRAs without an SSN who are in the US on work visas should plan to apply for an SSN while in the US. See [www.SSA.gov](http://www.SSA.gov) for information. In general an NRA who has worked in the US in a prior tax year will not be granted a CWA without having an SSN or ITIN.
- Each NRA must have accurately and timely filed past US tax returns as appropriate and must continue to do so.

### For the Withholding Agent:

- A CWA is effective only for the tour or events covered in the CWA, payments stipulated in the CWA and effective only when signed by all parties included in the CWA—the NRA, the Withholding Agent and IRS.
- A central withholding agent ordinarily receives contract payments, keeps books of account for the NRA, and pays expenses (including tax liabilities) of the NRA during the period covered by the CWA.
- The CWA program requires deposits to be made using the Electronic Federal Tax Payment System (EFTPS). For enrollment procedures and requirements, see [www.EFTPS.GOV](http://www.EFTPS.GOV).

## WHAT HAPPENS AFTER IRS RECEIVES MY APPLICATION?

You will be contacted by a tax specialist regarding the status of your application and any additional information that may be required.

If your request for a CWA is granted, the specialist will notify you in writing and provide the agreement for signature.

The withholding agent will withhold income tax and pay over the withheld tax to the US Treasury on the dates and in the amounts specified in the CWA.

The Internal Revenue Service will apply the payments of withheld tax to the withholding agent's Form 1042 account. Each withholding agent must file Form 1042 and Form 1042-S for each tax year in which income is paid with respect to the period and events covered by the CWA



Department of the Treasury

**Internal Revenue Service**

[www.irs.gov](http://www.irs.gov)

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Catalog Number \_\_\_\_\_

<b>1. Athlete/Entertainer (Nonresident Alien)</b>				IRS Use Only: AE-ID:	IRS Use Only: G-ID:
a. Legal Name:				c. US Taxpayer ID (SSN):	
b. Address:				d. Date of Birth:	
e. Country of Residence:			f. Country of Citizenship		
g. Applying as:	<input type="checkbox"/>	Athlete	<input type="checkbox"/>	Entertainer	
h. Group Name (if applicable) :				i. Percentage share of net income:	
j. Stage Name:					
k. Marital Status:	<input type="checkbox"/>	Married	<input type="checkbox"/>	Single	
l. Operating as Business? Specify: LLC, Corporation, or Partnership?				Business Name:	
US Taxpayer ID of Business:		Country where Business established:		Date Business Started:	

<b>2. Withholding Agent</b>				IRS Use Only: WHA-ID:	IRS Use Only: CWA-ID:				
a. Name:				d. US Taxpayer ID  (EIN/SSN):					
b. Firm:				e. Voice Phone #:					
c. Address:				f. Fax Phone #:					
g. Withholding Agent is currently a depositor of US Withholding Taxes:				<input type="checkbox"/>	Yes	<input type="checkbox"/>	No		
If YES:				<input type="checkbox"/>	EFTPS	<input type="checkbox"/>	8109-B with my bank	<input type="checkbox"/>	Other
h. Withholding Agent currently deposits US Withholding Taxes via									
i. I am acting as:		<input type="checkbox"/>	Promoter	<input type="checkbox"/>	Agent	<input type="checkbox"/>	Venue	<input type="checkbox"/>	Other

**3. Contact Person:** The withholding agent (listed under 2) will be contacted for additional information if necessary *unless* alternate contact is provided below:

a. Name:	d. Voice Phone #:
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b. Firm:

e. Fax Phone #:

c. Address:

Continuation Sheet – For Entertainment Groups with Multiple NRAs

1-a. Athlete/Entertainer (Nonresident Alien)				IRS Use Only:	AE-ID:	IRS Use Only:	G-ID:
a. Legal Name:				c. US Taxpayer ID (SSN):			
b. Address:				d. Date of Birth:			
e. Country of Residence:				f. Country of Citizenship			
g. Applying as:		Athlete		Entertainer			
h. Group Name (if applicable) :				i. Percentage share of net income:			
j. Stage Name:							
k. Marital Status:		Married		Single			

1-b. Athlete/Entertainer (Nonresident Alien)				IRS Use Only:	AE-ID:	IRS Use Only:	G-ID:
a. Legal Name:				c. US Taxpayer ID (SSN):			
b. Address:				d. Date of Birth:			
e. Country of Residence:				f. Country of Citizenship			
g. Applying as:		Athlete		Entertainer			
h. Group Name (if applicable) :				i. Percentage share of net income:			
j. Stage Name:							
k. Marital Status:		Married		Single			

1-c. Athlete/Entertainer (Nonresident Alien)				IRS Use Only:	AE-ID:	IRS Use Only:	G-ID:
a. Legal Name:				c. US Taxpayer ID (SSN):			
b. Address:				d. Date of Birth:			
e. Country of Residence:				f. Country of Citizenship			

g. Applying as:		Athlete		Entertainer	
h. Group Name (if applicable) :				i. Percentage share of net income:	
j. Stage Name:					
k. Marital Status:		Married		Single	

## Worksheet Instructions

### 1. Athlete/Entertainer (Nonresident Alien)

Line 1-a. Individual legal name.

Line 1-b. NRA address including City, Province/state, Postal/Zip code, Country (if not USA).

Line 1-c. US Taxpayer ID (Social Security Number or Individual Taxpayer ID Number – ITIN).

Line 1-d. Enter date of birth.

Line 1-e. Provide country of residence.

Line 1-f. Provide country of citizenship.

Line 1-g. Check the box that describes the NRA's profession.

Line 1-h. If applicable, indicate the group name and attach CWA Worksheet Continuation page(s) listing other group members to be covered by this CWA.

Line 1-i. Indicate NRA's percentage share of earnings from this tour.

Line 1-j. Indicate stage/performance name.

Line 1-k. Check box for marital status.

Line 1-l. If operating as a Business indicate:

- Form of Business; i.e. Limited Liability Company, Corporation, Partnership, or other,
- Business Name
- US Taxpayer ID of Business ( Employer Identification Number - EIN),
- Country where Business established, and
- Date business established.

### 2. Withholding Agent

Line 2-a. Individual name.

Line 2-b. Firm name.

Line 2-c. Firm address including City, Province/state, Postal/Zip code, Country (if not USA).

Line 2-d. US Taxpayer ID (EIN/SSN). Go to [www.IRS.GOV](http://www.IRS.GOV) keyword EIN for more information and Employer ID application procedures.

Line 2-e. Voice phone number – include country code if applicable.

Line 2-f. Fax number – include country code if applicable.

Line 2-g. Please indicate if withholding agent currently deposits any US withholding taxes; e.g. payroll or backup withholding.

Line 2-h. If Line 2- g is answered "YES," indicate the withholding agent's method used for those deposits.

Line 2-i. Indicate the relationship to the NRA.

### 3. Contact Person

Line 3-a. Individual name.

Line 3-b. Firm name.

Line 3-c. Firm address including City, Province/state, Postal/Zip code, Country (if not USA).

Line 3-d. Voice phone number – include country code if applicable.

Line 3-e. Fax number – include country code if applicable.