

# Contract Coverage Under Title II of the Social Security Act

Department of the Treasury  
Internal Revenue Service

(For use by an American employer to extend social security coverage to  
U.S. citizens and residents employed by its foreign affiliates.)

**File three copies  
of this form**

Name of American employer \_\_\_\_\_ Employer identification number \_\_\_\_\_  
: \_\_\_\_\_

Address (number, street, and apt. or suite no.) \_\_\_\_\_

City, state, and ZIP code \_\_\_\_\_

This Form 2032 is filed as (check applicable box(es)):

- An original (new) agreement.  
This agreement is effective for services performed on and after (for original agreements only, check one):
  - The first day of the calendar quarter in which the service center director signs this agreement.
  - The first day of the calendar quarter following the calendar quarter in which the service center director signs this agreement.
- An amendment to an agreement previously entered into.
- An election to apply the rules in effect after April 20, 1983, to agreements in effect on that date. By making this election, U.S. resident aliens as well as U.S. citizens will be covered by social security.

If this is an amended election or agreement, provide the following information:

\_\_\_\_\_ on \_\_\_\_\_  
(Location where previous Form 2032 was filed) (Date service center director signed original agreement on Form 2032)

This agreement extends the Federal insurance system under Title II of the Social Security Act to certain services performed outside the United States by U.S. citizens and resident aliens employed by any of the foreign affiliates listed below. For an amendment to an agreement without making the election to apply the post-April 20, 1983, rules, this amendment extends Title II social security coverage to certain services performed outside the United States by U.S. citizens employed by any of the foreign affiliates listed below.

<b>1</b> Name and address of foreign affiliate	<b>3</b> Name and address of foreign affiliate
<b>2</b> Name and address of foreign affiliate	<b>4</b> Name and address of foreign affiliate

**Note:** If this agreement includes more than four foreign affiliates, attach a separate sheet of paper identified as a part of this agreement with the name and address of each additional foreign affiliate.

Estimated number of employees to be initially covered by this agreement, amendment, or election:

Nonagricultural employees ► \_\_\_\_\_ Agricultural employees ► \_\_\_\_\_

This agreement applies to all services performed outside the United States by each U.S. citizen or resident employed by any of the foreign affiliates named. However, the agreement applies to such services only to the extent that payments to each employee for the services would be considered wages if paid by the employer for services performed in the United States. This agreement does not apply to any service that is considered employment for purposes of the employee tax and the employer tax under the Federal Insurance Contributions Act.

For an original agreement, an amendment to an agreement that was entered into after April 20, 1983, or an election to apply the rules in effect after April 20, 1983, to agreements in effect on that date, the American employer declares that it owns at least a 10% interest (directly or through one or more entities) in the voting stock or profits of each foreign entity named above. It also declares that Code section 3121(l) does not prevent this agreement.

For an amendment to an agreement in effect on April 20, 1983, without making the election to apply the new rules in effect after that date, the domestic corporation declares that **(a)** it owns at least 20% of the voting stock of each foreign corporation named above, or **(b)** it owns at least 20% of the voting stock of a foreign corporation that owns more than 50% of the voting stock of each foreign corporation named above. It also declares that Code section 3121(l) does not prevent this agreement.

The American employer agrees:

1. To pay amounts equal to the taxes that would be imposed by Code sections 3101 and 3111 if the payment for the services were considered wages;
2. To pay, on written notification and demand, amounts equal to the interest, additions to taxes, and penalties that would apply if the payment for the services were considered wages; and
3. To comply with all regulations under Code section 3121(l).

This agreement (or amended agreement or election) is entered into under the provisions of section 3121(l) of the Internal Revenue Code and the applicable regulations.

_____ Signature of individual authorized to enter into this agreement for American employer	_____ Title	_____ Date
_____ Director, Internal Revenue Service Center	_____ Location	_____ Date

**Paperwork Reduction Act Notice.**—We ask for the information on this form to carry out the Internal Revenue laws of the United States. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax. If you want the employees of your foreign affiliate to be covered under social security, you are required to give us this information.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: **Recordkeeping** 2 hr., 9 min.; **Learning about the law or the form** 18 min.; **Preparing and sending the form to the IRS** 20 min. If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the **Internal Revenue Service**, Attention: Tax Forms Committee, PC:FP, Washington, DC 20224. **DO NOT** send the form to this address. Instead, see **Where To File** below.

## General Instructions

Section references are to the Internal Revenue Code.

Before April 21, 1983, only domestic corporations could enter into this agreement to cover only U.S. citizens employed by foreign subsidiaries. For this agreement, a foreign subsidiary was defined as (a) a foreign corporation in which at least 20% of the voting stock was owned by the domestic corporation, or (b) a foreign corporation in which more than 50% of the voting stock was owned by another foreign corporation in which the domestic corporation owned at least 20% of the voting stock.

After April 20, 1983, any American employer (no longer limited to a domestic corporation) can enter into this agreement to cover U.S. resident aliens as well as U.S. citizens employed by a foreign affiliate. For this agreement, a foreign affiliate is any foreign entity (no longer limited to a foreign corporation) in which the American employer owns at least a 10% interest in the voting stock or profits. This interest must be owned directly or through one or more entities.

A domestic corporation having an agreement in effect that was entered into before April 21, 1983, can now elect to apply the post-April 20, 1983, rules to such agreements. If a domestic corporation makes this election, social security coverage will be extended to U.S. resident alien employees of any foreign subsidiary for which U.S. citizens are currently covered by an existing agreement. In addition, the election allows a domestic corporation to extend social security and Medicare coverage to U.S. citizens and resident aliens employed by a foreign entity that did not qualify for coverage under the old 20% ownership rules, but that now qualifies under the 10% ownership rules.

**Note:** *The United States has social security (totalization) agreements with several countries so that social security taxes are paid to only one country. These agreements may affect the withholding requirements resulting from filing Form 2032. For more information, see Social Security and Medicare Taxes in Pub. 54, Tax Guide for U.S. Citizens and Resident Aliens Abroad.*

**Purpose of form.**—An American employer should use this form to (a) enter into the agreement specified in section 3121(i) to

extend coverage under Title II of the Social Security Act to U.S. citizens and resident aliens employed abroad by foreign affiliates, (b) amend a previous agreement, or (c) elect to apply the rules in effect after April 20, 1983, to agreements in effect on that date.

For this agreement, an American employer is an employer that is (a) the United States or any instrumentality thereof, (b) an individual who is a resident of the United States, (c) a partnership if two-thirds or more of the partners are residents of the United States, (d) a trust if all the trustees are residents of the United States, or (e) a corporation organized under the laws of the United States or of any state.

## Where To File

File three copies of this form with the Internal Revenue Service Center shown below for the state where the American employer's principal place of business is located. (An American employer already filing Form 941, Employer's Quarterly Federal Tax Return, should file Form 2032 with the Internal Revenue Service Center where the employer files Form 941 and should enter on Form 2032 its employer identification number as shown on Form 941.)

If your principal place of business is located in	Use the following Internal Revenue Service Center address
Florida, Georgia, South Carolina	Atlanta, GA 39901
New Jersey, New York (New York City and counties of Nassau, Rockland, Suffolk, and Westchester)	Holtsville, NY 00501
New York (all other counties), Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont	Andover, MA 05501
Illinois, Iowa, Minnesota, Missouri, Wisconsin	Kansas City, MO 64999
Delaware, District of Columbia, Maryland, Pennsylvania, Virginia	Philadelphia, PA 19255
Indiana, Kentucky, Michigan, Ohio, West Virginia	Cincinnati, OH 45999
Kansas, New Mexico, Oklahoma, Texas	Austin, TX 73301
Alaska, Arizona, California (counties of Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Glenn, Humboldt, Lake, Lassen, Marin, Mendocino, Modoc, Napa, Nevada, Placer, Plumas, Sacramento, San Joaquin, Shasta, Sierra, Siskiyou, Solano, Sonoma, Sutter, Tehama, Trinity, Yolo, and Yuba), Colorado, Idaho, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming	Ogden, UT 84201
California (all other counties), Hawaii	Fresno, CA 93888
Alabama, Arkansas, Louisiana, Mississippi, North Carolina, Tennessee	Memphis, TN 37501

American employers in Guam, American Samoa, the Virgin Islands, or Puerto Rico should file this form with the U.S. Internal Revenue Service Center, Philadelphia, PA 19255.

## Completing Form 2032

Complete Form 2032 in triplicate. Each copy of the form must be signed and dated by the individual authorized to enter into the agreement, amendment, or election. Attach to each form evidence showing the authority for such individual to sign the form. Corporations must include a certified copy of the minutes of the board of directors' meeting.

After the director of the Internal Revenue Service Center signs and dates the form, it constitutes the agreement, amendment, or election authorized by section 3121(i). The IRS will return one copy of Form 2032 to the American employer, send one copy to the Social Security Administration, and keep one copy with all related papers.

**Original agreements.**—Check the box for an original (new) agreement. Also check the applicable box to designate when the agreement will take effect.

**Amending agreements.**—You may amend an agreement at any time to extend coverage to any foreign affiliate not covered by an existing agreement. File Form 2032 in triplicate, and check the box on the form to signify an amendment. If you amend an agreement entered into on or before April 20, 1983, without making the election to apply the rules in effect after that date, the agreement and amendments will continue to be governed by the rules in effect before April 21, 1983.

**Effective date.**—If you file an amendment to an agreement on Form 2032 to include foreign affiliates not previously covered, and if the service center director signs the amendment during the quarter for which the original agreement is first effective or during the first month following that quarter, the amendment will be effective as of the effective date of the original agreement. But if the amendment is signed by the service center director after the end of the 4th month for which the original agreement is in effect, the amendment will not be effective until the 1st day of the quarter following the one in which the service center director signed the amendment.

**Election to apply post-April 20, 1983, rules.**—A domestic corporation having an agreement in effect that was entered into before April 21, 1983 (old agreement), may elect to have the rules in effect after April 20, 1983, apply to the old agreement. File Form 2032 in triplicate, and check the box that applies.

If you make this election, it will be effective for all foreign entities covered by the agreement. By making the election, U.S. resident alien employees as well as U.S. citizen employees will be covered by the agreement.

To extend coverage to any foreign entity not covered by an agreement, indicate the name and address of the foreign entity on the form in the space provided and check the box for the election and the box for the amended agreement.

**Effective date.**—Generally, the election will be effective on the day following the quarter in which the election is signed by the service center director.

## No Termination of Agreement

Once you enter into an agreement, it cannot be terminated. This provision applies to agreements in effect on or after June 15, 1989, for which no notice of termination was in effect on that date.

