



Foreign Athletes & Entertainers

Special Withholding Rules

IRC 1441 General Rules

- Explains Withholding Provision
- Defines who is a Withholding Agent
- Sets withholding rate @30% of Gross Income
- Provides for withholding agreement

Define Non-Resident Alien

- Not born in USA
- Is not a “Green Card” holder
- Does not meet substantial presence test
- Does not elect to be treated as US resident

Define Withholding Agent

- Treasury Regulation 1.1441-7(a)
 - Any US or foreign person
 - (including corporation or other entity) that has:
- Control, receipt, custody, disposal or payment of any income of a foreign person

2010

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Duties of A Withholding Agent

- Verify Accuracy of Withholding Certificate
- Perform Due Diligence
- Withhold and deposit as needed
- Prepare and submit Form 1042/1042-S

Tax Treaty Considerations

- Sportsmen & Artist Provision
- Most Have dollar Limitation
- Based upon annual income
- Unable to be determined by individual payer



Withholding Certificates

- W-9 – US Person Includes corporation & partnership
- W8BEN- Beneficial Owner is Foreign
- Form 8233-Individual Tax Treaty Benefit
 - Special rules for NRA Athlete or entertainer



Payments to Agents

- Treasury Regulation 1.1441-1(b)(2)(ii)
 - Payment to US Person
 - Payer has Actual Knowledge
 - Payment treated as Payment to Foreign Person

Central Withholding Agreement

- Alternative to 30% of Gross
 - Business Expenses allowed
 - Withheld at net
 - Withheld using graduated rates



CWA Responsibilities

- Athlete or Entertainer
- Designated Withholding Agent
- Internal Revenue Service



For More Information

- Go to
 - www.irs.gov
 - Keyword Search “CWA”
 - Send email to:
 - CWA.program@irs.gov

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