

US Tax Information for Diplomatic Families at the Canadian Embassy

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Disclosure

This presentation has been prepared by Embassy Tax Services LLC.

The information in this presentation is current as of January 2018 and is intended to be of a general nature. The presentation is not intended to address the facts or situation pertaining to any particular individual. It should not be viewed as legal, tax or investment advice. If advice is needed please consult with a professional tax advisor.

Agenda

- Vienna Conventions - Exemptions from US Tax
- Social Security numbers and ITIN numbers
- Working in the US
 - Wages
 - Employee Withholding
- Investing in the US
 - Tax Treaty
 - Interest and Dividend income
 - Rental Property
 - Capital Gains
 - Sale of Residence
- Nonresident Tax Return
 - Form 1040NR

Tax Identification Numbers

To work or invest in the US, you will need to have either a social security number or an IRS individual taxpayer identification number (ITIN).

You don't need both:

If you plan to work, you will need a social security number which can be used for working and investing.

If you do not plan to work, you only will need an ITIN number which cannot be used for employment purposes.

SOCIAL SECURITY ADMINISTRATION

Application for a Social Security Card

Form Approved
OMB No. 0960-0065

1	NAME TO BE SHOWN ON CARD		First	Full Middle Name	Last
	FULL NAME AT BIRTH IF OTHER THAN ABOVE		First	Full Middle Name	Last
	OTHER NAMES USED				
2	Social Security number previously assigned to the person listed in item 1		<div style="border: 1px solid black; width: 100px; height: 20px; display: flex; align-items: center; justify-content: space-around;"> </div>		
3	PLACE OF BIRTH (Do Not Abbreviate) City State or Foreign Country		Office Use Only FCI	4	DATE OF BIRTH MM/DD/YYYY
5	CITIZENSHIP (Check One)		<input type="checkbox"/> U.S. Citizen <input type="checkbox"/> Legal Alien Allowed To Work <input type="checkbox"/> Legal Alien Not Allowed To Work (See Instructions On Page 3) <input type="checkbox"/> Other (See Instructions On Page 3)		
6	ETHNICITY Are You Hispanic or Latino? (Your Response Is Voluntary) <input type="checkbox"/> Yes <input type="checkbox"/> No	7	RACE Select One or More (Your Response Is Voluntary)	<input type="checkbox"/> Native Hawaiian <input type="checkbox"/> American Indian <input type="checkbox"/> Other Pacific Islander <input type="checkbox"/> Alaska Native <input type="checkbox"/> Black/African American <input type="checkbox"/> White <input type="checkbox"/> Asian	
8	SEX		<input type="checkbox"/> Male <input type="checkbox"/> Female		
9	A. PARENT/ MOTHER'S NAME AT HER BIRTH		First	Full Middle Name	Last
	B. PARENT/ MOTHER'S SOCIAL SECURITY NUMBER (See instructions for 9 B on Page 3)		<div style="border: 1px solid black; width: 100px; height: 20px; display: flex; align-items: center; justify-content: space-around;"> </div> <input type="checkbox"/> Unknown		
10	A. PARENT/ FATHER'S NAME		First	Full Middle Name	Last
	B. PARENT/ FATHER'S SOCIAL SECURITY NUMBER (See instructions for 10B on Page 3)		<div style="border: 1px solid black; width: 100px; height: 20px; display: flex; align-items: center; justify-content: space-around;"> </div> <input type="checkbox"/> Unknown		
11	Has the person listed in item 1 or anyone acting on his/her behalf ever filed for or received a Social Security number card before? <input type="checkbox"/> Yes (If "yes" answer questions 12-13) <input type="checkbox"/> No <input type="checkbox"/> Don't Know (If "don't know," skip to question 14.)				
12	Name shown on the most recent Social Security card issued for the person listed in item 1		First	Full Middle Name	Last
13	Enter any different date of birth if used on an earlier application for a card		MM/DD/YYYY		
14	TODAY'S DATE MM/DD/YYYY		15 DAYTIME PHONE NUMBER Area Code Number		
16	MAILING ADDRESS (Do Not Abbreviate)		Street Address, Apt. No., PO Box, Rural Route No. City State/Foreign Country ZIP Code		
I declare under penalty of perjury that I have examined all the information on this form, and on any accompanying statements or forms, and it is true and correct to the best to my knowledge.					
17	YOUR SIGNATURE		18 YOUR RELATIONSHIP TO THE PERSON IN ITEM 1 IS: <input type="checkbox"/> Self <input type="checkbox"/> Natural Or Adoptive Parent <input type="checkbox"/> Legal Guardian <input type="checkbox"/> Other Specify _____		
DO NOT WRITE BELOW THIS LINE (FOR SSA USE ONLY)					
NPN		DOC	NTI	CAN	ITV
PBC	EVI	EVA	EVC	PRA	NWR DNR UNIT
EVIDENCE SUBMITTED				SIGNATURE AND TITLE OF EMPLOYEE(S) REVIEWING EVIDENCE AND/OR CONDUCTING INTERVIEW	
				DATE	
				DCL DATE	



**Application for IRS Individual
Taxpayer Identification Number**

► For use by individuals who are not U.S. citizens or permanent residents.
► See instructions.

OMB No. 1545-0074

An IRS individual taxpayer identification number (ITIN) is for federal tax purposes only.

Before you begin:

- **Do not submit this form if you have, or are eligible to get, a U.S. social security number (SSN).**
- **Getting an ITIN does not change your immigration status or your right to work in the United States and does not make you eligible for the earned income credit.**

FOR IRS USE ONLY

Reason you are submitting Form W-7. Read the instructions for the box you check. **Caution:** If you check box **b, c, d, e, f, or g, you must file a tax return with Form W-7 unless you meet one of the exceptions** (see instructions).

- ☐ **a** Nonresident alien required to get ITIN to claim tax treaty benefit
- ☐ **b** Nonresident alien filing a U.S. tax return
- ☐ **c** U.S. resident alien (**based on days present in the United States**) filing a U.S. tax return
- ☐ **d** Dependent of U.S. citizen/resident alien } Enter name and SSN/ITIN of U.S. citizen/resident alien (see instructions) ►
- ☐ **e** Spouse of U.S. citizen/resident alien }
- ☐ **f** Nonresident alien student, professor, or researcher filing a U.S. tax return or claiming an exception
- ☐ **g** Dependent/spouse of a nonresident alien holding a U.S. visa
- ☐ **h** Other (see instructions) ►

Additional information for **a** and **f**: Enter treaty country ► and treaty article number ►

Name (see instructions) Name at birth if different . . . ►	1a First name	Middle name	Last name
	1b First name	Middle name	Last name
Applicant's mailing address	2 Street address, apartment number, or rural route number. If you have a P.O. box, see separate instructions.		
	City or town, state or province, and country. Include ZIP code or postal code where appropriate.		
Foreign (non-U.S.) address (if different from above) (see instructions)	3 Street address, apartment number, or rural route number. Do not use a P.O. box number.		
	City or town, state or province, and country. Include ZIP code or postal code where appropriate.		
Birth information	4 Date of birth (month / day / year)	Country of birth	City and state or province (optional)
			5 <input type="checkbox"/> Male <input type="checkbox"/> Female
	6a Country(ies) of citizenship	6b Foreign tax I.D. number (if any)	6c Type of U.S. visa (if any), number, and expiration date
	6d Identification document(s) submitted (see instructions) <input type="checkbox"/> Passport <input type="checkbox"/> Driver's license/State I.D. <input type="checkbox"/> USCIS documentation <input type="checkbox"/> Other		
	Issued by: No.: Exp. date: / / Date of entry into the United States (MM/DD/YYYY) / /		
	6e Have you previously received a Internal Revenue Service Number (IRS) or employer identification number (EIN)? <input type="checkbox"/> No/Do not know. Skip line 6f. <input type="checkbox"/> Yes. Complete line 6f. If more than one, list on a sheet and attach to this form (see instructions).		
Other information	6f Enter: IRSN or EIN ► and Name under which it was issued ►		
	6g Name of college/university or company (see instructions) City and state Length of stay		
	Sign Here Under penalties of perjury, I (applicant/delegate/acceptance agent) declare that I have examined this application, including accompanying documentation and statements, and to the best of my knowledge and belief, it is true, correct, and complete. I authorize the IRS to disclose to my acceptance agent returns or return information necessary to resolve matters regarding the assignment of my IRS individual taxpayer identification number (ITIN), including any previously assigned taxpayer identifying number.		
	Signature of applicant (if delegate, see instructions) Date (month / day / year) Phone number		
Keep a copy for your records.	Name of delegate, if applicable (type or print)		Delegate's relationship to applicant <input type="checkbox"/> Parent <input type="checkbox"/> Court-appointed guardian to applicant <input type="checkbox"/> Power of Attorney
	Signature		Date (month / day / year) Phone Fax
Acceptance Agent's Use ONLY	Name and title (type or print)		Name of company
			EIN PTIN
			Office Code

Types of Income

Income received from US sources by nonresident aliens is classified as either:

Effectively connected with a trade or business in the US.

or

Fixed and Determinable Income

Effectively connected income (wages or self-employment income) is taxed at graduated rates.

Fixed and determinable income (interest income or dividends) is taxed at a flat rate of 30% or less where a lower rate is established by an income tax treaty.

Working in the U.S. - Wages

If you work outside of the embassy, you are subject to both income tax and social security tax. You will have to pay income tax to the Federal Government and the local state where you live.

The exemption from taxes provided by the Vienna Conventions does not extend to income earned outside of your official capacity in the embassy.

- Complete IRS Form W-4 to set up Federal withholding and the appropriate State withholding forms. These forms are filed with your employer.
- After the year ends, you will receive Form W-2 showing total wages received in the calendar year. The form should come by January 31st.

Filling out Form W-4

Nonresident Aliens completing Form W-4 should

- 1) Enter your Social Security Number on Line 2 (Don't use an ITIN number, it needs to be an SSN)
- 2) Check Single on Line 3
- 3) Claim only 1 allowance on Line 5
- 4) Write NRA on the dotted line on Line 6
- 5) Do not claim EXEMPT on Line 7

Form W-4 (2017)

Purpose. Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay. Consider completing a new Form W-4 each year and when your personal or financial situation changes.

Exemption from withholding. If you are exempt, complete **only** lines 1, 2, 3, 4, and 7 and sign the form to validate it. Your exemption for 2017 expires February 15, 2018. See Pub. 505, Tax Withholding and Estimated Tax.

Note: If another person can claim you as a dependent on his or her tax return, you can't claim exemption from withholding if your total income exceeds \$1,050 and includes more than \$350 of unearned income (for example, interest and dividends).

Exceptions. An employee may be able to claim exemption from withholding even if the employee is a dependent, if the employee:

- Is age 65 or older,
- Is blind, or
- Will claim adjustments to income; tax credits; or itemized deductions, on his or her tax return.

The exceptions don't apply to supplemental wages greater than \$1,000,000.

Basic instructions. If you aren't exempt, complete the **Personal Allowances Worksheet** below. The worksheets on page 2 further adjust your withholding allowances based on itemized deductions, certain credits, adjustments to income, or two-earners/multiple jobs situations.

Complete all worksheets that apply. However, you may claim fewer (or zero) allowances. For regular wages, withholding must be based on allowances you claimed and may not be a flat amount or percentage of wages.

Head of household. Generally, you can claim head of household filing status on your tax return only if you are unmarried and pay more than 50% of the costs of keeping up a home for yourself and your dependent(s) or other qualifying individuals. See Pub. 501, Exemptions, Standard Deduction, and Filing Information, for information.

Tax credits. You can take projected tax credits into account in figuring your allowable number of withholding allowances. Credits for child or dependent care expenses and the child tax credit may be claimed using the **Personal Allowances Worksheet** below. See Pub. 505 for information on converting your other credits into withholding allowances.

Nonwage income. If you have a large amount of nonwage income, such as interest or dividends, consider making estimated tax payments using Form 1040-ES, Estimated Tax for Individuals. Otherwise, you may owe additional tax. If you have pension or annuity income, see Pub. 505 to find out if you should adjust your withholding on Form W-4 or W-4P.

Two earners or multiple jobs. If you have a working spouse or more than one job, figure the total number of allowances you are entitled to claim on all jobs using worksheets from only one Form W-4. Your withholding usually will be most accurate when all allowances are claimed on the Form W-4 for the highest paying job and zero allowances are claimed on the others. See Pub. 505 for details.

Nonresident alien. If you are a nonresident alien, see Notice 1392, Supplemental Form W-4 Instructions for Nonresident Aliens, before completing this form.

Check your withholding. After your Form W-4 takes effect, use Pub. 505 to see how the amount you are having withheld compares to your projected total tax for 2017. See Pub. 505, especially if your earnings exceed \$130,000 (Single) or \$180,000 (Married).

Future developments. Information about any future developments affecting Form W-4 (such as legislation enacted after we release it) will be posted at www.irs.gov/w4.

Personal Allowances Worksheet (Keep for your records.)

A	Enter "1" for yourself if no one else can claim you as a dependent	A	_____
B	Enter "1" if: <ul style="list-style-type: none">• You're single and have only one job; or• You're married, have only one job, and your spouse doesn't work; or• Your wages from a second job or your spouse's wages (or the total of both) are \$1,500 or less.	B	_____
C	Enter "1" for your spouse . But, you may choose to enter "-0-" if you are married and have either a working spouse or more than one job. (Entering "-0-" may help you avoid having too little tax withheld.)	C	_____
D	Enter number of dependents (other than your spouse or yourself) you will claim on your tax return	D	_____
E	Enter "1" if you will file as head of household on your tax return (see conditions under Head of household above)	E	_____
F	Enter "1" if you have at least \$2,000 of child or dependent care expenses for which you plan to claim a credit	F	_____
(Note: Do not include child support payments. See Pub. 503, Child and Dependent Care Expenses, for details.)			
G	Child Tax Credit (including additional child tax credit). See Pub. 972, Child Tax Credit, for more information. <ul style="list-style-type: none">• If your total income will be less than \$70,000 (\$100,000 if married), enter "2" for each eligible child; then less "1" if you have two to four eligible children or less "2" if you have five or more eligible children.• If your total income will be between \$70,000 and \$84,000 (\$100,000 and \$119,000 if married), enter "1" for each eligible child.	G	_____
H	Add lines A through G and enter total here. (Note: This may be different from the number of exemptions you claim on your tax return.) ▶	H	_____
For accuracy, complete all worksheets that apply. <ul style="list-style-type: none">• If you plan to itemize or claim adjustments to income and want to reduce your withholding, see the Deductions and Adjustments Worksheet on page 2.• If you are single and have more than one job or are married and you and your spouse both work and the combined earnings from all jobs exceed \$50,000 (\$20,000 if married), see the Two-Earners/Multiple Jobs Worksheet on page 2 to avoid having too little tax withheld.• If neither of the above situations applies, stop here and enter the number from line H on line 5 of Form W-4 below.			

----- Separate here and give Form W-4 to your employer. Keep the top part for your records. -----

Form W-4 Department of the Treasury Internal Revenue Service		Employee's Withholding Allowance Certificate		OMB No. 1545-0074 2017	
▶ Whether you are entitled to claim a certain number of allowances or exemption from withholding is subject to review by the IRS. Your employer may be required to send a copy of this form to the IRS.					
1 Your first name and middle initial		Last name		2 Your social security number	
FIRST NAME		LAST NAME		000-00-0000	
Home address (number and street or rural route)				3 <input checked="" type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Married, but withhold at higher Single rate.	
STREET ADDRESS				Note: If married, but legally separated, or spouse is a nonresident alien, check the "Single" box.	
City or town, state, and ZIP code				4 If your last name differs from that shown on your social security card, check here. You must call 1-800-772-1213 for a replacement card. ▶ <input type="checkbox"/>	
CITY, STATE AND ZIP CODE					
5 Total number of allowances you are claiming (from line H above or from the applicable worksheet on page 2)				5 1	
6 Additional amount, if any, you want withheld from each paycheck				6 \$	
7 I claim exemption from withholding for 2017, and I certify that I meet both of the following conditions for exemption. <ul style="list-style-type: none">• Last year I had a right to a refund of all federal income tax withheld because I had no tax liability, and• This year I expect a refund of all federal income tax withheld because I expect to have no tax liability. If you meet both conditions, write "Exempt" here ▶				7	
Under penalties of perjury, I declare that I have examined this certificate and, to the best of my knowledge and belief, it is true, correct, and complete.					
Employee's signature (This form is not valid unless you sign it.) ▶					
Date ▶					
8 Employer's name and address (Employer: Complete lines 8 and 10 only if sending to the IRS.)				9 Office code (optional)	
				10 Employer identification number (EIN)	

**FORM
MW 507**

Purpose. Complete Form MW507 so that your employer can withhold the correct Maryland income tax from your pay. Consider completing a new Form MW507 each year and when your personal or financial situation changes.

Basic Instructions. Enter on line 1 below, the number of personal exemptions that you will be claiming on your tax return; however, if you wish to claim more exemptions, or if your adjusted gross income will be more than \$100,000 if you are filing single or married filing separately (\$150,000, if you are filing jointly or as head of household), you must complete the Personal Exemption Worksheet on page 2. Complete the Personal Exemption Worksheet on page 2 to further adjust your Maryland withholding based upon itemized deductions, and certain other expenses that exceed your standard deduction and are not being claimed at another job or by your spouse. However, you may claim fewer (or zero) exemptions.

Additional withholding per pay period under agreement with employer. If you are not having enough tax withheld, you may ask your employer to withhold more by entering an additional amount on line 2.

Exemption from withholding. You may be entitled to claim an exemption from the withholding of Maryland income tax if:

- a. last year you did not owe any Maryland income tax and had a right to a full refund of any tax withheld AND
- b. this year you do not expect to owe any Maryland income tax and expect to have a right to a full refund of all income tax withheld.

If you are eligible to claim this exemption, complete line 3 and your employer will not withhold Maryland income tax from your wages.

Students and Seasonal Employees whose annual income will be below the minimum filing requirements

should claim exemption from withholding. This provides more income throughout the year and avoids the necessity of filing a Maryland income tax return.

Certification of nonresidence in the State of Maryland. Complete line 4. This line is to be completed by residents of the District of Columbia, Pennsylvania, Virginia or West Virginia who are employed in Maryland and who do not maintain a place of abode in Maryland for 183 days or more.

Line 4 is **NOT** to be used by residents of other states who are working in Maryland, because such persons are liable for Maryland income tax and withholding from their wages is required.

If you are domiciled in the District of Columbia, Pennsylvania or Virginia and maintain a place of abode in Maryland for 183 days or more, you become a statutory resident of Maryland and you are required to file a resident return with Maryland reporting your total income. You must apply to your domicile state for any tax credit to which you may be entitled under the reciprocal provisions of the law. If you are domiciled in West Virginia, you are not required to pay Maryland income tax on wage or salary income, regardless of the length of time you may have spent in Maryland.

Under the Servicemembers Civil Relief Act, as amended by the Military Spouses Residency Relief Act, you may be exempt from Maryland income tax on your wages if (i) your spouse is a member of the armed forces present in Maryland in compliance with military orders; (ii) you are present in Maryland solely to be with your spouse and (iii) you maintain your domicile in another state. If you claim exemption under the SCRA enter your state of domicile (legal residence) on line 5; enter "EXEMPT" in the box to the right on line 5; and attach a copy of your spousal military identification card to Form MW507. **In addition, you must also complete and attach Form MW507M.**

Duties and responsibilities of employer. Retain this certificate with your records. You are required to submit a copy of this certificate and accompanying attachments to the Compliance Division, Compliance Programs Section, 301 West Preston Street, Baltimore, MD 21201, when received if:

1. you have any reason to believe this certificate is incorrect;
2. the employee claims more than 10 exemptions;
3. the employee claims an exemption from withholding because he/she had no tax liability for the preceding tax year, expects to incur no tax liability this year and the wages are expected to exceed \$200 a week;
4. the employee claims an exemption from withholding on the basis of nonresidence; or
5. the employee claims an exemption from withholding under the Military Spouses Residency Relief Act.

Upon receipt of any exemption certificate (Form MW507), the Compliance Division will make a determination and notify you if a change is required.

Once a certificate is revoked by the Comptroller, the employer must send any new certificate from the employee to the Comptroller for approval before implementing the new certificate.

If an employee claims exemption under 3 or 5 above, a new exemption certificate must be filed by February 15th of the following year.

Duties and responsibilities of employee. If, on any day during the calendar year, the number of withholding exemptions that the employee is entitled to claim is less than the number of exemptions claimed on the withholding exemption certificate in effect, the employee shall file a new withholding exemption certificate with the employer within 10 days after the change occurs.

**FORM
MW 507**

Employee's Maryland Withholding Exemption Certificate

Print full name		Social Security number	
Street Address, City, State, Zip		County of residence (or Baltimore City)	
<input type="checkbox"/> Single <input type="checkbox"/> Married (surviving spouse or unmarried Head of Household) Rate <input type="checkbox"/> Married, but withheld at Single Rate			
1. Total number of exemptions you are claiming not to exceed line f in Personal Exemption Worksheet on page 2.....		1.	
2. Additional withholding per pay period under agreement with employer.....		2.	\$
3. I claim exemption from withholding because I do not expect to owe Maryland tax. See instructions above and check boxes that apply.			
<input type="checkbox"/> a. Last year I did not owe any Maryland income tax and had a right to a full refund of all income tax withheld and			
<input type="checkbox"/> b. This year I do not expect to owe any Maryland income tax and expect to have the right to a full refund of all income tax withheld. (This includes seasonal and student employees whose annual income will be below the minimum filing requirements).			
If both a and b apply, enter year applicable _____ (year effective). Enter "EXEMPT" here		3.	
4. I claim exemption from withholding because I am domiciled in one of the following states. Check state that applies.			
<input type="checkbox"/> District of Columbia <input type="checkbox"/> Pennsylvania <input type="checkbox"/> Virginia <input type="checkbox"/> West Virginia			
I further certify that I do not maintain a place of abode in Maryland as described in the instructions above. Enter "EXEMPT" here.....		4.	
5. I certify that I am a legal resident of the state of _____ and am not subject to Maryland withholding because I meet the requirements set forth under the Servicemembers Civil Relief Act, as amended by the Military Spouse's Residency Relief Act.			
Enter "EXEMPT" here		5.	
Under penalties of perjury, I further certify that I am entitled to the number of withholding allowances claimed on line 1 above, or if claiming exemption from withholding, that I am entitled to claim the exempt status on line 3, line 4 or line 5, whichever applies.			
Employee's signature		Date	
Employer's name and address including zip code (For employer use only)		Federal employer identification number	

FORM VA-4

COMMONWEALTH OF VIRGINIA
DEPARTMENT OF TAXATION
PERSONAL EXEMPTION WORKSHEET
(See back for instructions)

1. If you wish to claim yourself, write "1"
2. If you are married and your spouse is not claimed
on his or her own certificate, write "1"
3. Write the number of dependents you will be allowed to claim
on your income tax return (do not include your spouse).....
4. Subtotal Personal Exemptions (add lines 1 through 3).....
5. Exemptions for age
 - (a) If you will be 65 or older on January 1, write "1"
 - (b) If you claimed an exemption on line 2 and your spouse
will be 65 or older on January 1, write "1"
6. Exemptions for blindness
 - (a) If you are legally blind, write "1"
 - (b) If you claimed an exemption on line 2 and your
spouse is legally blind, write "1"
7. Subtotal exemptions for age and blindness (add lines 5 through 6)
8. Total of Exemptions - add line 4 and line 7

Detach here and give the certificate to your employer. Keep the top portion for your records

FORM VA-4 EMPLOYEE'S VIRGINIA INCOME TAX WITHHOLDING EXEMPTION CERTIFICATE

Your Social Security Number	Name	
Street Address		
City	State	Zip Code

COMPLETE THE APPLICABLE LINES BELOW

1. If subject to withholding, enter the number of exemptions claimed on:
 - (a) Subtotal of Personal Exemptions - line 4 of the
Personal Exemption Worksheet.....
 - (b) Subtotal of Exemptions for Age and Blindness
line 7 of the Personal Exemption Worksheet
 - (c) Total Exemptions - line 8 of the Personal Exemption Worksheet.....
2. Enter the amount of additional withholding requested (see instructions).....
3. I certify that I am not subject to Virginia withholding. I meet the conditions
set forth in the instructions (check here) ☐
4. I certify that I am not subject to Virginia withholding. I meet the conditions set forth
Under the Service member Civil Relief Act, as amended by the Military Spouses
Residency Relief Act (check here) ☐

2601064 Rev. 08/11

Signature

Date

EMPLOYER: Keep exemption certificates with your records. If you believe the employee has claimed too many exemptions, notify the Department of Taxation, P.O. Box 1115, Richmond, Virginia 23218-1115, telephone (804) 367-8037. **Note:** Employers may establish a system to electronically receive Forms VA-4 from employees, provided the system meets Internal Revenue Service requirements as specified in § 31.3402(f)(5)-1(c) of the Treasury Regulations (26 CFR).

Embassy
Tax Services

D-4 DC Withholding Allowance Certificate

Social security number

Your first name M.I. Last name

Home address (number and street)

City State Zip code +4

1 Tax filing status Fill in only one: ☐ Single ☐ Married/domestic partners filing jointly ☐ Married filing separately
☐ Head of household ☐ Married/domestic partners filing separately on same return

2 Total number of withholding allowances from worksheet below.
Enter total from Sec. A, Line i Enter total from Sec. B, Line o Total number of withholding allowances

3 Additional amount, if any, you want withheld from each paycheck

4 Before claiming exemption from withholding, read below. If qualified, write "EXEMPT" in this box.

5 My domicile is a state other than the District of Columbia ☐ Yes ☐ No If yes, give name of state of domicile

I am exempt because: last year I did not owe any DC income tax and had a right to a full refund of all DC income tax withheld from me; and this year I do not expect to owe any DC income tax and expect a full refund of all DC income tax withheld from me; and I qualify for exempt status on federal Form W-4

If claiming exemption from withholding, are you a full-time student? ☐ Yes ☐ No

Signature Under penalties of law, I declare that the information provided on this certificate is, to the best of my knowledge, correct.

Employee's signature Date

Employer Keep this certificate with your records. If 10 or more exemptions are claimed or if you suspect this certificate contains false information please send a copy to: Office of Tax and Revenue, 1101 4th St., SW, Washington, DC 20024 Attn: Compliance Administration
Detach and give the top portion to your employer. Keep the bottom portion for your records.

D-4 DC Withholding Allowance Worksheet

Section A Number of withholding allowances

a Enter 1 for yourself a

b Enter 1 if you are filing as a head of household b

c Enter 1 if you are 65 or over c

d Enter 1 if you are blind d

e Enter number of dependents e

f Enter 1 for your spouse/registered domestic partner if filing jointly f

g Enter 1 if married/registered domestic partners filing jointly and your spouse/registered domestic partner is 65 or over g

h Enter 1 if married/registered domestic partners filing jointly and your spouse/registered domestic partner is blind h

i Number of allowances. Add Lines a through h and enter on Line 2 above. If you want to claim additional withholding allowances, complete section B below. i

Section B Additional withholding allowances

j Enter estimate of your itemized deductions j


k Enter \$2,000 if married/registered domestic partners filing separately; all others enter \$4,000 k

l Subtract Line k from Line j l

m Multiply \$1,675 by the number of allowances on Line i m

n Divide Line l by Line m. Round to the nearest whole number. n

o Add Lines n and i and enter on Line 2 above. o

a Employee's social security number		Safe, accurate, FAST! Use				Visit the IRS website at www.irs.gov/efile	
b Employer identification number (EIN)		1 Wages, tips, other compensation		2 Federal income tax withheld			
c Employer's name, address, and ZIP code		3 Social security wages		4 Social security tax withheld			
		5 Medicare wages and tips		6 Medicare tax withheld			
		7 Social security tips		8 Allocated tips			
d Control number		9 Verification code		10 Dependent care benefits			
e Employee's first name and initial Last name Suff.		11 Nonqualified plans		12a See instructions for box 12			
		13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		12b			
		14 Other		12c			
				12d			
f Employee's address and ZIP code							
15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name	

Form **W-2** Wage and Tax
Statement

2017

Department of the Treasury—Internal Revenue Service

Copy B—To Be Filed With Employee's FEDERAL Tax Return.
This information is being furnished to the Internal Revenue Service.

Investing in the US

To open a bank account or investment account, you will need provide the bank or investment firm with either a social security number or an IRS individual taxpayer identification number (ITIN)

Be sure that when you open your account with your bank or investment company that you let them know you are not a US resident

You should give them your ITIN or SSN and Form W-8BEN so they can set up your account properly and withhold tax at the correct tax treaty rates

At the end of the year you should receive Form 1042-S.

If your bank issues you a Form 1099 series form to report interest or dividends, the account is not set up correctly..

Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding and Reporting (Individuals)

► For use by individuals. Entities must use Form W-8BEN-E.
► Information about Form W-8BEN and its separate instructions is at www.irs.gov/formw8ben.
► Give this form to the withholding agent or payer. Do not send to the IRS.

OMB No. 1545-1621

Do NOT use this form if:

- You are NOT an individual W-8BEN-E
- You are a U.S. citizen or other U.S. person, including a resident alien individual W-9
- You are a beneficial owner claiming that income is effectively connected with the conduct of trade or business within the U.S. (other than personal services) W-8ECI
- You are a beneficial owner who is receiving compensation for personal services performed in the United States 8233 or W-4
- A person acting as an intermediary W-8IMY

Instead, use Form:**Part I Identification of Beneficial Owner (see instructions)**

1 Name of individual who is the beneficial owner	2 Country of citizenship
3 Permanent residence address (street, apt. or suite no., or rural route). Do not use a P.O. box or in-care-of address.	
City or town, state or province. Include postal code where appropriate.	Country
4 Mailing address (if different from above)	
City or town, state or province. Include postal code where appropriate.	Country
5 U.S. taxpayer identification number (SSN or ITIN), if required (see instructions)	6 Foreign tax identifying number (see instructions)
7 Reference number(s) (see instructions)	8 Date of birth (MM-DD-YYYY) (see instructions)

Part II Claim of Tax Treaty Benefits (for chapter 3 purposes only) (see instructions)

- 9 I certify that the beneficial owner is a resident of _____ within the meaning of the income tax treaty between the United States and that country.
- 10 **Special rates and conditions** (if applicable—see instructions): The beneficial owner is claiming the provisions of Article of the treaty identified on line 9 above to claim a _____ % rate of withholding on (specify type of income):

Explain the reasons the beneficial owner meets the terms of the treaty article:

Part III Certification

Under penalties of perjury, I declare that I have examined the information on this form and to the best of my knowledge and belief it is true, correct, and complete. I further certify under penalties of perjury that:

- I am the individual that is the beneficial owner (or am authorized to sign for the individual that is the beneficial owner) of all the income to which this form relates or am using this form to document myself as an individual that is an owner or account holder of a foreign financial institution,
- The person named on line 1 of this form is not a U.S. person,
- The income to which this form relates is:
 - (a) not effectively connected with the conduct of a trade or business in the United States,
 - (b) effectively connected but is not subject to tax under an applicable income tax treaty, or
 - (c) the partner's share of a partnership's effectively connected income,
- The person named on line 1 of this form is a resident of the treaty country listed on line 9 of the form (if any) within the meaning of the income tax treaty between the United States and that country, and
- For broker transactions or barter exchanges, the beneficial owner is an exempt foreign person as defined in the instructions.

Furthermore, I authorize this form to be provided to any withholding agent that has control, receipt, or custody of the income of which I am the beneficial owner or any withholding agent that can disburse or make payments of the income of which I am the beneficial owner. **I agree that I will submit a new form within 30 days if any certification made on this form becomes incorrect.**

Sign Here ►

Signature of beneficial owner (or individual authorized to sign for beneficial owner)

Date (MM-DD-YYYY)

Print name of signer

Capacity in which acting (if form is not signed by beneficial owner)

Taxation of Fixed and Determinable Income

- Income from US sources, like interest income, dividend income and capital gains is taxed at a flat 30% or lower tax treaty rate.
- Canada has a tax treaty with the US. In order to qualify for the lower tax treaty rates, you must qualify as a resident of a Canada.
- For US sourced rental income there is special election that can be made to be taxed on a net income basis rather than the flat rate of 30% of gross rental income.

Form 1042-S Department of the Treasury Internal Revenue Service		Foreign Person's U.S. Source Income Subject to Withholding ▶ Information about Form 1042-S and its separate instructions is at www.irs.gov/form1042s .				2017		OMB No. 1545-0096 Copy A for Internal Revenue Service	
		UNIQUE FORM IDENTIFIER <input type="checkbox"/> AMENDED <input type="checkbox"/> AMENDMENT NO.							
1 Income code	2 Gross income	3 Chapter indicator. Enter "3" or "4"		13e Recipient's U.S. TIN, if any		13f Ch. 3 status code			
		3a Exemption code	4a Exemption code			13g Ch. 4 status code			
		3b Tax rate .		4b Tax rate .					
5 Withholding allowance				13h Recipient's GIIN		13i Recipient's foreign tax identification number, if any		13j LOB code	
6 Net income		7b Check if tax not deposited with IRS pursuant to escrow procedure <input type="checkbox"/>							
7a Federal tax withheld				13k Recipient's account number		13l Recipient's date of birth			
8 Tax withheld by other agents									
9 Tax paid by withholding agent				14a Primary Withholding Agent's Name (if applicable)					
10 Total withholding credit				14b Primary Withholding Agent's EIN		15 Check if pro-rata basis reporting <input type="checkbox"/>			
11 Amount repaid to recipient									
12a Withholding agent's EIN		12b Ch. 3 status code		12c Ch. 4 status code		15a Intermediary or flow-through entity's EIN, if any		15b Ch. 3 status code	
								15c Ch. 4 status code	
12d Withholding agent's name				15d Intermediary or flow-through entity's name					
12e Withholding agent's Global Intermediary Identification Number (GIIN)				15e Intermediary or flow-through entity's GIIN					
12f Country code		12g Foreign taxpayer identification number, if any		15f Country code		15g Foreign tax identification number, if any			
12h Address (number and street)				15h Address (number and street)					
12i City or town, state or province, country, ZIP or foreign postal code				15i City or town, state or province, country, ZIP or foreign postal code					
13a Recipient's name		13b Recipient's country code		16a Payer's name		16b Payer's TIN			
13c Address (number and street)				16c Payer's GIIN		16d Ch. 3 status code		16e Ch. 4 status code	
13d City or town, state or province, country, ZIP or foreign postal code				17a State income tax withheld		17b Payer's state tax no.		17c Name of state	

For Privacy Act and Paperwork Reduction Act Notice, see instructions.

Cat. No. 11386R

Form **1042-S** (2017)

1040NR Tax Return Overview

- Due date April 15 of each year if wages or other effectively connected income is being reported. If only investment income is being reported the due date is June 15th
- Filing Status - Use either *Single Resident of Canada or Mexico* if you are not married, or *Married Resident of Canada or Mexico*
- Exemptions - Exemptions for spouse and children may be allowed. They will need either SSN's or ITIN to be added to return.
- Itemized deductions are limited. No deductions allowed for mortgage interest or real estate taxes.

Canada/US Income Tax Treaty Rates

Income Type	Treaty Article	Treaty Tax Rate	Comments
Dividend Income	10	15%	
Interest Income	11	0%	
Capital Gains	13	0%	Does not include sales of real estate

Capital Gains and Losses

Capital gains (not involving real estate)

- US/Canada Tax Treaty Rate Article 13(4) = 0%
- Non treaty rules

183 day rule.

If you were in the US for less than 183 days, capital gains are not taxable

If you were in the US for 183 days or more during the tax year, the net gain from sales of capital assets is taxed at 30% (or lower treaty rate).

Net gain = the excess of US sourced capital gains over US sourced capital losses.

Capital Gains and Losses

Capital gains (involving real estate)

- Taxed at graduated tax rates rather than at the 30% standard tax rate for fixed income. Use Schedule D to compute the amount

Employee Business Expenses

Expenses must be:

- Ordinary and necessary, required by employer.
- For items where no employer reimbursement available.
- Use Form 2106 to calculate the amount of unreimbursed employee business expense and claim deduction on Form 1040NR Schedule A as Other Miscellaneous Deductions. Subject to 2% AGI limitation.

Sale of Your Residence in the US

Exclusion of up to \$250,000 on the gain from the sale of your main home.

Requirements:

- Property must be your main home.
- You must have owned and lived in the home for at least 2 years during the 5 year period ending on the date of sale.

If all the gain is excluded, the sale does not have to be reported on your tax return.

Sale of Your Residence in the US

FIRPTA – IRC 1441

- IRS requires 15% withholding on the sale of US real estate owned by nonresidents
- Sales of a personal residence for not more than \$300,000 are exempt from the withholding requirement
- The purchaser of the property is the withholding agent
- The withholding is sent to the IRS
- You can apply to eliminate or reduce the 15% withholding if the tax owed on the sale is less than the flat 15%
- File IRS Form 8288-B to request the reduction in withholding

Joint Filing Election with Nonresident Spouse

- If you are a nonresident and are married to a US citizen or resident, you can make a one time election to file a joint tax return with your spouse.
- Written election is required in year of election
- The nonresident alien spouse is required to report worldwide income
- The election can be revoked but once revoked cannot be made again

Resources

- www.irs.gov – IRS web site
- IRS Publication 519 US Tax Guide for Aliens
- IRS Publication 901 - US Tax Treaties

Taxation of US Citizens

Questions?