

US Tax Information for Diplomatic Families at the German Embassy

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Disclosure

This presentation has been prepared for employees of the World Bank by Embassy Tax Services LLC.

The information in this presentation is current as of February 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		[] [] [] - [] [] - [] [] [] []		
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)		[] [] [] - [] [] - [] [] [] []		<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)		[] [] [] - [] [] - [] [] [] []		<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	UNIT
EVIDENCE SUBMITTED				SIGNATURE AND TITLE OF EMPLOYEE(S) REVIEWING EVIDENCE AND/OR CONDUCTING INTERVIEW	
				DATE	
				DCL DATE	



Form **W-8BEN**

(Rev. July 2017)

Department of the Treasury
Internal Revenue Service**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.
► Go to www.irs.gov/FormW8BEN for instructions and the latest information.
► 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**
- You are a person acting as an intermediary **W-8IMY**

Note: If you are resident in a FATCA partner jurisdiction (i.e., a Model 1 IGA jurisdiction with reciprocity), certain tax account information may be provided to your jurisdiction of residence.

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.	
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 and paragraph _____ of the treaty identified on line 9 above to claim a _____ % rate of withholding on (specify type of income): _____

Explain the additional conditions in the Article and paragraph the beneficial owner meets to be eligible for the rate of withholding: _____

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 for chapter 4 purposes,
- 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)

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.....			
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			
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.

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.

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..

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.
- Germany 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 Germany.
- 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.

German/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/German Tax Treaty Rate Article 13(5) = 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

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

1 Income code	2 Gross income	3 Chapter indicator. Enter "3" or "4"	3a Exemption code	4a Exemption code	13e Recipient's U.S. TIN, if any	13f Ch. 3 status code	13g Ch. 4 status code	
		3b Tax rate	4b Tax rate		13h Recipient's GIIN	13i Recipient's foreign tax identification number, if any	13j LOB code	
5 Withholding allowance					13k Recipient's account number			13l Recipient's date of birth
6 Net income					14a Primary Withholding Agent's Name (if applicable)			
7a Federal tax withheld					14b Primary Withholding Agent's EIN			15 Check if pro-rata basis reporting <input type="checkbox"/>
7b Check if tax not deposited with IRS pursuant to escrow procedure <input type="checkbox"/>					15a Intermediary or flow-through entity's EIN, if any			15b Ch. 3 status code
8 Tax withheld by other agents					15c Ch. 4 status code			
9 Tax paid by withholding agent					15d Intermediary or flow-through entity's name			
10 Total withholding credit					15e Intermediary or flow-through entity's GIIN			
11 Amount repaid to recipient					15f Country code			15g Foreign tax identification number, if any
12a Withholding agent's EIN					12b Ch. 3 status code			12c Ch. 4 status code
12d Withholding agent's name					15h Address (number and street)			
12e Withholding agent's Global Intermediary Identification Number (GIIN)					15i City or town, state or province, country, ZIP or foreign postal code			
12f Country code					12g Foreign taxpayer identification number, if any			
12h Address (number and street)					16a Payer's name			16b Payer's TIN
12i City or town, state or province, country, ZIP or foreign postal code					16c Payer's GIIN			16d Ch. 3 status code
13a Recipient's name					16e Ch. 4 status code			
13b Recipient's country code					17a State income tax withheld			17b Payer's state tax no.
13c Address (number and street)					17c Name of state			
13d City or town, state or province, country, ZIP or foreign postal code								

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

Cat. No. 11386R

Form **1042-S** (2017)

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

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 *Other Single Nonresident Alien* if you are not married, or *Other Married Nonresident Alien*
- Exemptions - Only 1 exemption allowed. No exemptions for spouse or children
- Itemized deductions are limited. No deductions allowed for mortgage interest or real estate taxes.

Please print or type	Your first name and initial		Last name		Identifying number (see instructions)	
	Present home address (number, street, and apt. no., or rural route). If you have a P.O. box, see instructions.				Check if: <input type="checkbox"/> Individual <input type="checkbox"/> Estate or Trust	
	City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below. See instructions.					
	Foreign country name		Foreign province/state/county		Foreign postal code	
Filing Status	1 <input type="checkbox"/> Single resident of Canada or Mexico or single U.S. national 4 <input type="checkbox"/> Married resident of South Korea 2 <input type="checkbox"/> Other single nonresident alien 5 <input type="checkbox"/> Other married nonresident alien 3 <input type="checkbox"/> Married resident of Canada or Mexico or married U.S. national 6 <input type="checkbox"/> Qualifying widow(er) (see instructions)					
	Check only one box. If you checked box 3 or 4 above, enter the information below. Child's name ►					
	(i) Spouse's first name and initial		(ii) Spouse's last name		(iii) Spouse's identifying number	
Exemptions	7a <input type="checkbox"/> Yourself. If someone can claim you as a dependent, do not check box 7a b <input type="checkbox"/> Spouse. Check box 7b only if you checked box 3 or 4 above and your spouse did not have any U.S. gross income					
	c Dependents: (see instructions) (2) Dependent's identifying number (3) Dependent's relationship to you (4) <input checked="" type="checkbox"/> If qualifying child for child tax credit (see instr.)					
	(1) First name Last name <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>					
	If more than four dependents, see instructions.					
	d Total number of exemptions claimed					
	Add numbers on lines above ►					
Income Effectively Connected With U.S. Trade/ Business	8 Wages, salaries, tips, etc. Attach Form(s) W-2					8
	9a Taxable interest					9a
	b Tax-exempt interest. Do not include on line 9a 9b					
	10a Ordinary dividends					10a
	b Qualified dividends (see instructions) 10b					
	11 Taxable refunds, credits, or offsets of state and local income taxes (see instructions)					11
	12 Scholarship and fellowship grants. Attach Form(s) 1042-S or required statement (see instructions)					12
	13 Business income or (loss). Attach Schedule C or C-EZ (Form 1040)					13
	14 Capital gain or (loss). Attach Schedule D (Form 1040) if required. If not required, check here <input type="checkbox"/>					14
	15 Other gains or (losses). Attach Form 4797					15
	16a IRA distributions 16a 16b Taxable amount (see instructions) 16b					
	17a Pensions and annuities 17a 17b Taxable amount (see instructions) 17b					
	18 Rental real estate, royalties, partnerships, trusts, etc. Attach Schedule E (Form 1040)					18
	19 Farm income or (loss). Attach Schedule F (Form 1040)					19
	20 Unemployment compensation					20
	21 Other income. List type and amount (see instructions)					21
	22 Total income exempt by a treaty from page 5, Schedule OI, Item L (1)(e) 22					
	23 Combine the amounts in the far right column for lines 8 through 21. This is your total effectively connected income ►					23
Adjusted Gross Income	24 Educator expenses (see instructions) 24					
	25 Health savings account deduction. Attach Form 8889 25					
	26 Moving expenses. Attach Form 3903 26					
	27 Deductible part of self-employment tax. Attach Schedule SE (Form 1040) 27					
	28 Self-employed SEP, SIMPLE, and qualified plans 28					
	29 Self-employed health insurance deduction (see instructions) 29					
	30 Penalty on early withdrawal of savings 30					
	31 Scholarship and fellowship grants excluded 31					
	32 IRA deduction (see instructions) 32					
	33 Student loan interest deduction (see instructions) 33					
	34 Domestic production activities deduction. Attach Form 8903 34					
	35 Add lines 24 through 34 35					
36 Subtract line 35 from line 23. This is your adjusted gross income ►					36	

Tax and Credits

37	Amount from line 36 (adjusted gross income)	37
38	Itemized deductions from page 3, Schedule A, line 16	38
39	Subtract line 38 from line 37	39
40	Exemptions (see instructions)	40
41	Taxable income. Subtract line 40 from line 39. If line 40 is more than line 39, enter -0-	41
42	Tax (see inst.). Check if any is from Form(s): a <input type="checkbox"/> 8814 b <input type="checkbox"/> 4972	42
43	Alternative minimum tax (see instructions). Attach Form 6251	43
44	Excess advance premium tax credit repayment. Attach Form 8962	44
45	Add lines 42, 43, and 44	45
46	Foreign tax credit. Attach Form 1116 if required	46
47	Credit for child and dependent care expenses. Attach Form 2441	47
48	Retirement savings contributions credit. Attach Form 8880	48
49	Child tax credit. Attach Schedule 8812, if required	49
50	Residential energy credit. Attach Form 5695	50
51	Other credits from Form: a <input type="checkbox"/> 3800 b <input type="checkbox"/> 8801 c <input type="checkbox"/>	51
52	Add lines 46 through 51. These are your total credits	52
53	Subtract line 52 from line 45. If line 52 is more than line 45, enter -0-	53

Other Taxes

54	Tax on income not effectively connected with a U.S. trade or business from page 4, Schedule NEC, line 15	54
55	Self-employment tax. Attach Schedule SE (Form 1040)	55
56	Unreported social security and Medicare tax from Form: a <input type="checkbox"/> 4137 b <input type="checkbox"/> 8919	56
57	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	57
58	Transportation tax (see instructions)	58
59a	Household employment taxes from Schedule H (Form 1040)	59a
59b	First-time homebuyer credit repayment. Attach Form 5405 if required	59b
60	Taxes from: a <input type="checkbox"/> Form 8599 b <input type="checkbox"/> Instructions; enter code(s)	60
61	Add lines 53 through 60. This is your total tax	61

Payments

62	Federal income tax withheld from:	62a
a	Form(s) W-2 and 1099	62b
b	Form(s) 8805	62c
c	Form(s) 8288-A	62d
d	Form(s) 1042-S	63
63	2017 estimated tax payments and amount applied from 2016 return	64
64	Additional child tax credit. Attach Schedule 8812	65
65	Net premium tax credit. Attach Form 8962	66
66	Amount paid with request for extension to file (see instructions)	67
67	Excess social security and tier 1 RRTA tax withheld (see instructions)	68
68	Credit for federal tax paid on fuels. Attach Form 4136	69
69	Credits from Form: a <input type="checkbox"/> 2439 b <input type="checkbox"/> Reserved c <input type="checkbox"/> 8885 d <input type="checkbox"/>	70
70	Credit for amount paid with Form 1040-C	71
71	Add lines 62a through 70. These are your total payments	72

Refund

72	If line 71 is more than line 61, subtract line 61 from line 71. This is the amount you overpaid	73a
73a	Amount of line 72 you want refunded to you . If Form 8888 is attached, check here	73a
b	Routing number	e Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings
d	Account number	
e	If you want your refund check mailed to an address outside the United States not shown on page 1, enter it here.	

Amount You Owe

74	Amount of line 72 you want applied to your 2018 estimated tax	74
75	Amount you owe. Subtract line 71 from line 61. For details on how to pay, see instructions	75
76	Estimated tax penalty (see instructions)	76

Third Party Designee

Do you want to allow another person to discuss this return with the IRS? See instructions	<input type="checkbox"/> Yes. Complete below. <input type="checkbox"/> No
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Sign Here

Designee's name	Phone	Personal identification number (PIN)
Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.		
Your signature	Date	Your occupation in the United States
Keep a copy of this return for your records.		If the IRS sent you an Identity Protection PIN, enter it here (see inst.)

Paid Preparer Use Only

Print/type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed
Firm's name	Firm's EIN	Phone no.	
Firm's address			

Schedule A—Itemized Deductions (see instructions)

07

Taxes You Paid	1	State and local income taxes		1
Gifts to U.S. Charities	2	Caution: If you made a gift and received a benefit in return, see instructions.		
	2	Gifts by cash or check. If you made any gift of \$250 or more, see instructions		
	3	Other than by cash or check. If you made any gift of \$250 or more, see instructions. You must attach Form 8283 if the amount of your deduction is over \$500		
	4	Carryover from prior year		
	5	Add lines 2 through 4		
Casualty and Theft Losses	6	Casualty or theft loss(es). Attach Form 4664. See instructions		
Job Expenses and Certain Miscellaneous Deductions	7	Unreimbursed employee expenses—job travel, union dues, job education, etc. You must attach Form 2106 or Form 2106-EZ if required. See instructions ►		
	8	Tax preparation fees		
	9	Other expenses. See instructions for expenses to deduct here. List type and amount ►		
	10	Add lines 7 through 9		
	11	Enter the amount from Form 1040NR, line 37		
	12	Multiply line 11 by 2% (0.02)		
	13	Subtract line 12 from line 10. If line 12 is more than line 10, enter -0-		
Other Miscellaneous Deductions	14	Other—see instructions for expenses to deduct here. List type and amount ►		
Total Itemized Deductions	15	Is Form 1040NR, line 37, over the amount shown below for the filing status box you checked on page 1 of Form 1040NR: • \$313,800 if you checked box 6; • \$261,500 if you checked box 1 or 2; or • \$156,900 if you checked box 3, 4, or 5? <input type="checkbox"/> No. Your deduction is not limited. Add the amounts in the far right column for lines 1 through 14. Also enter this amount on Form 1040NR, line 38. <input type="checkbox"/> Yes. Your deduction may be limited. See the Itemized Deductions Worksheet in the instructions to figure the amount to enter here and on Form 1040NR, line 38.		

Form **1040NR** (2017)

Schedule NEC—Tax on Income Not Effectively Connected With a U.S. Trade or Business (see instructions)

Nature of income		Enter amount of income under the appropriate rate of tax (see instructions)							
		(a) 10%		(b) 15%		(c) 30%		(d) Other (specify)	
								%	%
1	Dividends paid by:								
a	U.S. corporations	1a							
b	Foreign corporations	1b							
2	Interest:								
a	Mortgage	2a							
b	Paid by foreign corporations	2b							
c	Other	2c							
3	Industrial royalties (patents, trademarks, etc.)	3							
4	Motion picture or T.V. copyright royalties	4							
5	Other royalties (copyrights, recording, publishing, etc.)	5							
6	Real property income and natural resources royalties	6							
7	Pensions and annuities	7							
8	Social security benefits	8							
9	Capital gain from line 18 below	9							
10	Gambling—Residents of Canada only. Enter net income in column (c). If zero or less, enter -0-.								
a	Winnings								
b	Losses	10c							
11	Gambling winnings—Residents of countries other than Canada. Note: Losses not allowed	11							
12	Other (specify) ▶	12							
13	Add lines 1a through 12 in columns (a) through (d)	13							
14	Multiply line 13 by rate of tax at top of each column	14							
15	Tax on income not effectively connected with a U.S. trade or business. Add columns (a) through (d) of line 14. Enter the total here and on Form 1040NR, line 54 ▶	15							

Capital Gains and Losses From Sales or Exchanges of Property

16 (a) Kind of property and description (if necessary, attach statement of descriptive details not shown below)	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Sales price	(e) Cost or other basis	(f) LOSS If (e) is more than (d), subtract (d) from (e)		(g) GAIN If (d) is more than (e), subtract (e) from (d)	
17	Add columns (f) and (g) of line 16	17	()				
18	Capital gain. Combine columns (f) and (g) of line 17. Enter the net gain here and on line 9 above (if a loss, enter -0-) ▶	18						

Enter only the capital gains and losses from property sales or exchanges that are from sources within the United States and not effectively connected with a U.S. business. Do not include a gain or loss on disposing of a U.S. real property interest; report these gains and losses on Schedule D (Form 1040).

Report property sales or exchanges that are effectively connected with a U.S. business on Schedule D (Form 1040), Form 4797, or both.

Schedule OI—Other Information (see instructions)

Answer all questions

- A** Of what country or countries were you a citizen or national during the tax year?
- B** In what country did you claim residence for tax purposes during the tax year?
- C** Have you ever applied to be a green card holder (lawful permanent resident) of the United States? ☐ Yes ☐ No
- D** Were you ever:
1. A U.S. citizen? ☐ Yes ☐ No
2. A green card holder (lawful permanent resident) of the United States? ☐ Yes ☐ No
- If you answer "Yes" to (1) or (2), see Pub. 519, chapter 4, for expatriation rules that apply to you.
- E** If you had a visa on the last day of the tax year, enter your visa type. If you did not have a visa, enter your U.S. immigration status on the last day of the tax year.
- F** Have you ever changed your visa type (nonimmigrant status) or U.S. immigration status? ☐ Yes ☐ No
- If you answered "Yes," indicate the date and nature of the change. ►
- G** List all dates you entered and left the United States during 2017. See instructions.
- Note:** If you are a resident of Canada or Mexico AND commute to work in the United States at frequent intervals, check the box for **Canada** or **Mexico** and skip to item H ☐ Canada ☐ Mexico

Date entered United States mm/dd/yy	Date departed United States mm/dd/yy

Date entered United States mm/dd/yy	Date departed United States mm/dd/yy

- H** Give number of days (including vacation, nonworkdays, and partial days) you were present in the United States during:
2015, 2016, and 2017
- I** Did you file a U.S. income tax return for any prior year? ☐ Yes ☐ No
- If "Yes," give the latest year and form number you filed . . . ►
- J** Are you filing a return for a trust? ☐ Yes ☐ No
- If "Yes," did the trust have a U.S. or foreign owner under the grantor trust rules, make a distribution or loan to a U.S. person, or receive a contribution from a U.S. person? ☐ Yes ☐ No
- K** Did you receive total compensation of \$250,000 or more during the tax year? ☐ Yes ☐ No
- If "Yes," did you use an alternative method to determine the source of this compensation? ☐ Yes ☐ No
- L** Income Exempt from Tax—If you are claiming exemption from income tax under a U.S. income tax treaty with a foreign country, complete (1) through (3) below. See Pub. 901 for more information on tax treaties.
1. Enter the name of the country, the applicable tax treaty article, the number of months in prior years you claimed the treaty benefit, and the amount of exempt income in the columns below. Attach Form 8833 if required. See instructions.

(a) Country	(b) Tax treaty article	(c) Number of months claimed in prior tax years	(d) Amount of exempt income in current tax year

- (e) Total.** Enter this amount on Form 1040NR, line 22. Do not enter it on line 8 or line 12
2. Were you subject to tax in a foreign country on any of the income shown in 1(d) above? ☐ Yes ☐ No
3. Are you claiming treaty benefits pursuant to a Competent Authority determination? ☐ Yes ☐ No
- If "Yes," attach a copy of the Competent Authority determination letter to your return.

Resources

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

Questions?