

# PenFed Substitute Instructions for IRS Form W-8BEN (Rev. Jul 2017)

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

Individual account holders (both U.S. and foreign) that do not document their status may be deemed non-compliant and, in some cases, subject to 30% withholding on certain payments. Foreign persons (Nonresident alien individuals) can avoid being subject to the 30% withholding by using **Form W-8BEN** to document their foreign status. The form can be retrieved from the IRS website at [www.irs.gov](http://www.irs.gov).

Foreign persons should use **Form W-8BEN** to document their foreign status and to claim any applicable treaty benefits according to chapter 3 purposes (including a foreign individual that is the single member of an entity that is disregarded for U.S. tax purposes).

### General Instructions

**Purpose of Form. Establishing status for chapter 3.** Foreign persons are subject to a U.S. tax rate of 30% on income they receive from U.S. sources that consists of, for example, interest (including original issue discount (OID)), dividends or other fixed or determinable annual or periodical gains, profits, or income.

If you receive these types of income, you must provide **Form W-8BEN** to establish that you are not a U.S. citizen and to claim that you are the beneficial owner of the income for which **Form W-8BEN** is being provided.

You may also be required to provide **Form W-8BEN** to claim an exception from domestic information reporting and backup withholding for certain types of income that are not subject to the foreign-person withholding rate at 30%, such as **bank deposit** interest and short-term (183 days or less) OID (at rate under section 3406).

A withholding agent or payer of the income may rely on a properly completed **Form W-8BEN** to treat a payment associated with the **Form W-8BEN** as a payment to a foreign person who beneficially owns the amounts paid. If applicable, the withholding agent may rely on the **Form W-8BEN** to apply a reduced rate of, or exemption from withholding at source.

### Return Form W-8BEN to PenFed - DO NOT send to the IRS!

If you are a nonresident alien who is the beneficial owner of an amount subject to withholding, or if you are an account holder of a foreign financial institution (FFI) documenting yourself as a nonresident alien, you must give **Form W-8BEN** to the withholding agent or payer when requested whether or not you are claiming a reduced rate of, or exemption from, withholding. **DO NOT send Form W-8BEN to the IRS.** Instead, provide **Form W-8BEN** to PenFed before income is paid or credited to you. Failure to provide a **Form W-8BEN** when requested may lead to a 30% foreign-person withholding or backup withholding from the amount of the payment.

If PenFed does not receive a **Form W-8BEN** from all of the joint owners of an account or receives a Form W-9 from any of the joint owners, the payment must be treated as made to a U.S. person and the account treated as a U.S. account. In this case, the withholding rate will be at the U.S. backup withholding rate of 24%.

**Change in circumstances.** If a change in circumstances makes any information on the **Form W-8BEN** you have submitted incorrect, you must notify the withholding agent, payer, PenFed, or FFI (foreign financial institutions) with which you hold an account within 30 days of the change in circumstances and you must file a new Form W-8BEN or other appropriate form. E.g. Form W-9 Request for Taxpayer Identification Number and Certification. The form can be retrieved from the IRS website at [www.irs.gov](http://www.irs.gov).

**Expiration of Form W-8BEN.** Generally, a **Form W-8BEN** will remain in effect for purposes of establishing foreign status for a period starting on the date the form is signed and ending on the last day of the third succeeding calendar year, unless a change in circumstances makes any information on the form incorrect. For example, a Form W-8BEN signed on September 30, 2018, remains valid through December 31, 2021. To determine the period of validity for **Form W-8BEN** for purposes of chapter 3, see Regulations section 1.1441-1(e)(4)(ii).

### Definitions

**Account holder.** An account holder is generally the person listed or identified as the holder or owner of a financial account.

**Beneficial owner.** For payments other than those for which a reduced rate of, or exemption from, withholding is claimed under an income tax treaty, the beneficial owner of income is generally the person who is required under U.S. tax principles to include the payment in gross income on a tax return. A person is not a beneficial owner of income, however, to the extent that person is receiving the income as a nominee, agent, or custodian, or to the extent the person is a conduit whose participation in a transaction is disregarded.

**Foreign person.** A foreign person includes a nonresident alien individual and certain foreign entities that are not U.S. persons (entities should complete Form W-8BEN-E).

**Non-resident alien individual.** Any individual who is not a citizen or resident alien of the United States is a nonresident alien individual. An alien individual meeting either the "green card test" or the "substantial presence test" for the calendar year is a resident alien. Any person not meeting either test is a nonresident alien individual.

**Non-resident alien who becomes a resident alien.** Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause". Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the recipient has otherwise become a U.S. resident alien for tax purposes. The individual must use Form W-9 to claim the tax treaty benefit. See the instructions for Form W-9 for more information.

**U.S. person.** A U.S. person is defined in section 7701(a) (30) and includes an individual who is a citizen or resident of the United States.

## Substitute Instructions: Part I - Identification of Beneficial Owner

(Use these instructions to complete the IRS Form W-BEN - Rev. July 2017)

**Line 1.** Enter your name. If you are a foreign individual who is the single owner of a disregarded entity that is not claiming treaty benefits as a hybrid entity, with respect to a payment, you should complete this form with your name and information.

**Line 2.** Enter your <sup>1</sup>country of citizenship. If you are a <sup>2</sup>dual citizen, enter the country where you are **both** a citizen and a resident at the time you complete this form. If you are not a resident in any country in which you have citizenship, enter the <sup>3</sup>country where you were most recently a resident. e.g. <sup>1</sup>Panama; <sup>2</sup>Panama/Jamaica; <sup>3</sup>Japan. However, if you are a **U.S. citizen (U.S. person)**, you should not complete this form even if you hold citizenship in another jurisdiction. Instead, provide Form W-9.

**Line 3.** Your permanent residence address is the address in the country where you claim to be a resident for purposes of that country's income tax. If you are completing **Form W-8BEN** to claim a reduced rate of withholding under an income tax treaty, you must determine your residency in the manner required by the treaty. If you do not have a tax residence in any country, **your permanent residence address is where you normally reside.**

**Line 4.** Enter your mailing address only if it is different from the address you show on Line 3.

**Line 5.** A U.S. taxpayer identification number (TIN) is a social security number (SSN), or IRS individual taxpayer identification number (ITIN). List the type of TIN and the number you are providing. e.g. (SSN)123-45-6789; (ITIN) 985-64-1234; or N/A. When providing an employer identification number (EIN), entities must use Form W-8BEN-E to submit EIN/TIN, e.g. 82-1234567.

Contact a Social Security Administration office to find out if you are eligible to acquire an SSN. If you do not have an SSN but are eligible to acquire one, apply on **Form SS-5**, Application for a Social Security Card. If you do not have an SSN, and **are not eligible to obtain one**, you may apply for an ITIN using **Form W-7**, Application for IRS Individual Taxpayer Identification Number.

If you are claiming treaty benefits, you are generally required to provide an ITIN if you do not provide a Foreign tax identifying number issued to you by your jurisdiction of tax residence on **Line 6**. To claim tax treaty benefits without an ITIN, see detailed instructions at [www.irs.gov](http://www.irs.gov) for Line 5.

**Line 6.** If you are providing this Form W-8BEN to document yourself as an account holder with respect to a financial account that you hold at a U.S. financial institution, provide the Foreign tax identifying number issued to you by the tax jurisdiction for your residence unless:

- You have not been issued a Foreign tax identifying number, or
- The jurisdiction does not issue Foreign tax identifying numbers.

If you have not provided your Foreign tax identifying number for your tax jurisdiction of residence on **Line 6**, provide your date of birth on **Line 8**.

**Line 7.** Your PenFed Member Number and Share Account Number. These numbers are applicable to accounts with PenFed unless you are required to submit a separate **Form W-8BEN** for each account.

**Line 8.** If you are providing this Form W-8BEN to document yourself as an account holder with respect to a financial account (as described above for Line 6) that you hold at a U.S. financial institution, provide your date of birth. Use the following format to input your information MM-DDYYYY. For example, if you were born on April 15, 1956, you would enter 04-15-1956.

Click the link <https://www.irs.gov/pub/irs-pdf/iw8ben.pdf> for the details on Specific Instructions, Part I, Lines 1 – 8.

## Part II - Tax Treaty Benefits

**Line 9.** If you are claiming treaty benefits as a resident of a foreign country with which the United States has an income tax treaty for payments subject to withholding under chapter 3, identify the country where you claim to be a resident for income tax treaty purposes. For treaty purposes, a person is a resident of a treaty country if the person is a resident of that country under the terms of the treaty. A list of U.S. tax treaties is available at [www.irs.gov/Individuals/International-Taxpayers/Tax-Treaties](http://www.irs.gov/Individuals/International-Taxpayers/Tax-Treaties). Note: See also the IRS instructions for Form W-8BEN (Rev. July 2017), Page 6, regarding completing Part II.

**Line 10.** Line 10 must be used only if you are claiming treaty benefits that require that you meet conditions not covered by the representations you make on line 9 and Part III. For example, persons claiming treaty benefits on royalties must complete this line if the treaty contains different withholding rates for different types of royalties. However, this line should always be completed by foreign students and researchers claiming treaty benefits. See Scholarship and fellowship grants. This line is generally not applicable to treaty benefits under an interest or dividends article of a treaty.

## Part III - Certification

**Form W-8BEN** must be signed and dated by the beneficial owner of the amount subject to withholding or the account holder of an FFI, or by an authorized representative or office of the beneficial owner. If **Form W-8BEN** is completed by an agent acting under a duly authorized power of attorney, the form must be accompanied by the power of attorney in proper form or a copy thereof specifically authorizing the agent to represent the principal in making, executing, and presenting the form. **Form 2848**, Power of Attorney and Declaration of Representative, may be used for this purpose. The agent, as well as the beneficial owner, may incur liability for the penalties provided for an erroneous, false, or fraudulent form.