Instructions for Form 8233  
(Rev. June 2011)

(Use with the March 2009 revision of Form 8233.)

Exemption From Withholding on Compensation for Independent (and Certain Dependent) Personal Services of a Nonresident Alien Individual

General Instructions
Section references are to the Internal Revenue Code unless otherwise noted.

If you are a “resident of a treaty country,” you must know the terms of the tax treaty between the United States and the treaty country to properly complete Form 8233.

Purpose of Form
In general, section 1441 requires 30% income tax withholding on compensation for independent personal services (defined later). Sections 1441, 3401, and 3402 require withholding, sometimes at 30% and sometimes at graduated rates, on compensation for dependent personal services (defined later). However, some payments may be exempt from withholding because of a tax treaty or because the payments are not more than your personal exemption amount (defined later). Complete and give Form 8233 to your withholding agent if some or all of your compensation is exempt from withholding.

You can use Form 8233 to claim a tax treaty withholding exemption for noncompensatory scholarship or fellowship income only if you also are claiming a tax treaty withholding exemption for compensation for personal services (including compensatory scholarship or fellowship income) received from the same withholding agent.

Do not use Form 8233 if you have an office in the United States regularly available to you for performing personal services.

Additional information. You can download the complete text of most U.S. tax treaties at IRS.gov. Enter “tax treaties” in the search box. Technical explanations for many of those treaties are also available on that site. Also, see Pub. 901, U.S. Tax Treaties, for a quick reference guide to the provisions of U.S. tax treaties. You can get any of the forms or publications referred to in these instructions by calling 1-800-TAX-FORM (1-800-829-3676) or by downloading them from www.irs.gov/formspubs.

Giving Form 8233 to the Withholding Agent
You must complete Form 8233:
- For each tax year (be sure to specify the tax year in the space provided above Part I of the form),
- For each withholding agent, and
- For each type of income. However, you can use one Form 8233 to claim a tax treaty withholding exemption for both compensation for personal services (including compensatory scholarship or fellowship income) and noncompensatory scholarship or fellowship income received from the same withholding agent.

Give the form to the withholding agent. The withholding agent’s responsibilities are discussed in the Part IV instructions.

Example. A nonresident alien is primarily present in the United States as a professor, but also is occasionally invited to lecture at another educational institution. These lectures are not connected with his teaching obligations but are in the nature of self-employment. For each tax year, the professor must complete two Forms 8233 and give one to each withholding agent to claim tax treaty benefits on the separate items of income.

Definitions

Nonresident Alien
If you are an alien individual (that is, an individual who is not a U.S. citizen), specific rules apply to determine if you are a resident alien or a nonresident alien for tax purposes. Generally, you are a resident alien if you meet either the “green card test” or the “substantial presence test” for the calendar year.

Any person not meeting either test is generally a nonresident alien.

Additionally, an alien individual who qualifies as a “resident of a treaty country” (defined later) or a bona fide resident of Puerto Rico, Guam, the Commonwealth of the Northern Mariana Islands, the U.S. Virgin Islands, or American Samoa is a nonresident alien individual.

For more information on the tests used to determine resident alien or nonresident alien status, see Pub. 519, U.S. Tax Guide for Aliens.

Even though a nonresident alien individual married to a U.S. citizen or resident alien may choose to be treated as a resident alien for certain purposes (for example, filing a joint income tax return), such individual is still treated as a nonresident alien for withholding tax purposes on all income except wages.

U.S. Person
For purposes of this form, a U.S. person is a U.S. citizen or resident alien.

Tax Treaty Withholding Exemption
This term refers to an exemption from withholding permitted by IRS regulations under section 1441 that is based on a tax treaty benefit. See Resident of a Treaty Country next for requirements for claiming a tax treaty benefit on this form.

See the instructions for line 4 for additional information for determining residence for purposes of claiming a tax treaty withholding exemption on this form.

Resident of a Treaty Country
An alien individual may claim to be a resident of a treaty country if he or she qualifies as a resident of that country under the terms of the residency article of the tax treaty between the United States and that country. See Nonresident Alien, earlier.

A nonresident alien may claim a tax treaty benefit on this form only if that individual is the beneficial owner of the income and meets the residency requirement and all other requirements for benefits under the terms of the tax treaty.
Compensation for Independent Personal Services

Independent personal services are services performed as an independent contractor in the United States by a nonresident alien who is self-employed rather than employed. Compensation for such services includes payments for contract labor; payments for professional services, such as fees to an attorney, physician, or accountant, if the payments are made directly to the person performing the services; consulting fees; honoraria paid to visiting professors, teachers, researchers, scientists, and prominent speakers; and generally, payments for performances by public entertainers.

Business profits. Certain treaties do not have an independent personal services article. Payments for independent personal services may be covered under the business profits article of an applicable income tax treaty. If you are eligible to claim exemption from withholding on this type of income, you complete and give Form 8233 to the withholding agent.

Public entertainers. Special restrictions on the exemption from or reduction of withholding apply to nonresident alien public entertainers (such as actors, musicians, artists, and athletes). Generally, Form 8233 cannot be accepted because the exemption may be based on factors that cannot be determined until after the end of the year. These individuals are subject to 30% withholding from gross income paid for personal services performed unless a reduced rate of withholding is applied for using Form 13930, Application for Central Withholding Agreement. In addition, many tax treaties contain separate articles that apply to public entertainers. If present, these articles take precedence over the “independent personal services” and “dependent personal services” articles of the treaties.

Required Withholding Form(s)

For compensation you receive for independent personal services, complete Form 8233 to claim a tax treaty withholding exemption for part or all of that income and/or to claim the daily personal exemption amount.

Compensation for Dependent Personal Services

Dependent personal services are services performed as an employee in the United States by a nonresident alien. Dependent personal services include compensatory scholarship or fellowship income (defined later).

Compensation for such services includes wages, salaries, fees, bonuses, commissions, and similar designations for amounts paid to an employee.

Required Withholding Form(s)

Complete Form 8233 for compensation you receive for dependent personal services only if you are claiming a tax treaty withholding exemption for part or all of that income. Do not use Form 8233 to claim the daily personal exemption amount. For compensation for which you are not claiming a tax treaty withholding exemption, use Form W-4, Employee’s Withholding Allowance Certificate.

Example. XYZ University awards a scholarship to N, a nonresident alien student. The only condition of the scholarship is that N attends classes and maintains a minimum level of academic performance. The scholarship income is not compensatory because N is not required to perform services as an employee as a condition for receiving the scholarship.

Required Withholding Form(s)

Compensatory scholarship or fellowship income is considered to be dependent personal services income. Therefore, complete Form 8233 for this income only if you are claiming a tax treaty withholding exemption for part or all of that income. Do not complete Form 8233 to claim the daily personal exemption amount.

For any part of this compensatory income for which you are not claiming a tax treaty withholding exemption, use Form W-4. See Completing Form W-4, earlier.

Noncompensatory Scholarship or Fellowship Income

Noncompensatory scholarship or fellowship income is considered to be independent personal services income that is not compensatory scholarship or fellowship income (defined earlier).

In most cases, the taxable portion of noncompensatory scholarship or fellowship income (defined later) paid to a nonresident alien is subject to withholding at a rate of 30% (in most cases, the rate is 14% for a nonresident alien temporarily present in the United States under an “F,” “J,” “M,” or “Q” visa).

Taxable portion of noncompensatory scholarship or fellowship income. If you were a degree candidate, the amount of this type of income that you used for expenses other than tuition and course-related expenses (fees, books, supplies, and equipment) is taxable in most cases. For example, in most cases amounts used for room, board, and travel are taxable. If you were not a degree candidate, the full amount of the scholarship or fellowship income is taxable in most cases.
Required Withholding Form

In most cases, you should complete Form W-8BEN, Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding, to claim a tax treaty withholding exemption for this type of income. No Form W-8BEN is required unless a treaty benefit is being claimed.

Exception. If you are receiving both compensation for personal services (including compensatory scholarship or fellowship income) and noncompensatory scholarship or fellowship income from the same withholding agent, you may use one Form W-8BEN for both types of income. However, this exception applies only if you are claiming a tax treaty withholding exemption for both types of income.

Alternate withholding election. A withholding agent may elect to withhold on the taxable portion of noncompensatory scholarship or fellowship income of a nonresident alien temporarily present in the United States under an “F,” “J,” “M,” or “Q” visa as if it were compensatory scholarship or fellowship income (provided the nonresident alien is not claiming treaty benefits with respect to that income). The withholding agent makes this election by requesting that the nonresident alien complete Form W-4 using the instructions in Rev. Proc. 88-24, 1988-1 C.B. 528. Indian students also should see Rev. Proc. 93-20, 1993-1 C.B. 528.

Withholding Agent

Any person, U.S. or foreign, that has control, receipt, or custody of an amount subject to withholding or that can disburse or make payments of an amount subject to withholding is a withholding agent. The withholding agent may be an individual, corporation, partnership, trust, association, or any other entity, including (but not limited to) any foreign intermediary, foreign partnership, and U.S. branch of certain foreign banks and insurance companies. In most cases, the person who pays (or causes to be paid) the amount subject to withholding to the nonresident alien individual (or to his or her agent) must withhold.

Beneficial Owner

For payments other than those for which a reduced rate of withholding is claimed under an income tax treaty, the beneficial owner of income is in most cases the person who is required under U.S. tax principles to include the income 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. In the case of amounts paid that do not constitute income, beneficial ownership is determined as if the payment were income.

Avoid Common Errors

To ensure that your Form 8233 is promptly accepted, be sure that you:

- Answer all applicable questions completely.
- Specify the tax year for which this form will be effective in the space provided above Part I of the form.
- Enter your complete name, addresses, and identifying number(s) in Part I.
- Have attached the required statement described in the line 10 instructions if you are a foreign student, trainee, professor/teacher, or researcher.
- Are not trying to claim tax treaty benefits for a country with which the United States does not have a ratified tax treaty.
- Are not trying to claim tax treaty benefits that do not exist in your treaty.
- Complete lines 11 through 14 in sufficient detail to allow the IRS to determine the tax treaty benefit you are claiming.
- Claim the proper number of personal exemptions on line 15.
- Complete the required certification in Part III.

Specific Instructions

Part I

Line 2

You are required to furnish a U.S. taxpayer identifying number on this form. In most cases, you are required to enter your social security number (SSN) on line 2. See Line 2 in Completing Form W-4 for instructions on how to get an SSN.

If you do not have an SSN and are not eligible to get one, you must get an individual taxpayer identification number (ITIN). To apply for an ITIN, file Form W-7, Application for IRS Individual Taxpayer Identification Number, with the IRS. In most cases, you apply for an ITIN when you file your tax return for which the ITIN is needed. However, if the reason for your ITIN request is because you need to provide Form 8233 to the withholding agent, you must file Form W-7 and provide proof that you are not eligible for an SSN (your Form SS-5 was rejected by the SSA) and include a Form 8233.
an “M-1” visa; however, some persons
graded a “J-1” visa also may be
considered business/vocational
trainees (for example, a person
admitted to complete a postgraduate
residency in medicine).

If you do not have, or do not require,
Spouses and dependents
admitted on secondary visas
(for example, “F-2,” “J-2,” “H-4,”
and “O-3” visas) usually are not eligible
to claim the same treaty benefits as the
primary visa holder.

Line 8
In most cases, you are required to
enter your date of entry into the United
States that pertains to your current
nonimmigrant status. For example,
enter the date of arrival shown on your
current Immigration Form I-94,
Arrival-Departure Record.

Exception. If you are claiming a tax
treaty benefit that is determined by
reference to more than one date of
arrival, enter the earlier date of arrival.
For example, you are currently claiming
treaty benefits (as a teacher or a
researcher) under article 15 of the tax
treaty between the United States and
Norway. You previously claimed treaty
benefits (as a student) under article
16(1) of that treaty. Under article 16(4)
of that treaty, the combination of
exemptions under articles 15 and 16(1)
may not extend beyond 5 tax years
from the date you entered the United
States. If article 16(4) of that treaty
applies, enter on line 8 the date you
entered the United States as a student.

Line 9a
Enter your current nonimmigrant status.
For example, enter your current
nonimmigrant status shown on your
current Immigration Form I-94.

Line 9b
Enter the date your current
nonimmigrant status expires. For
example, you may enter the date of
expiration shown on your current
Immigration Form I-94. Enter “DS” on
line 9b if the date of expiration is based
on “duration of status.”

Line 10
Nonresident alien students, trainees,
professors/teachers, and researchers
using Form 8233 to claim a tax treaty
withholding exemption for
compensation for personal services
must attach to Form 8233 a statement.
The format and contents of the required
statements are shown in Appendix A
and Appendix B in Pub. 519.

Part II

Line 11a
For compensation for independent
personal services, examples of
acceptable descriptions to enter on this
line include: “Consulting contract to
design software” or “give three lectures
at XYZ University.”

For compensation for dependent
personal services, examples of
acceptable descriptions to enter on this
line include:
• A nonresident alien student may enter
“part-time library assistant,”
“part-time restaurant worker,” or
“teaching one chemistry course per
semester to undergraduate students.”
• A nonresident alien professor or
teacher may enter “teaching at ABC
University.”
• A nonresident alien researcher may enter
“research at ABC University’s
school for liquid crystal research.”
• A nonresident alien business/
vocational trainee may enter
“neurosurgical residency at ABC
Hospital” or “one-year internship in
hydraulic engineering at XYZ
Corporation.”

Line 11b
Enter the total amount of compensation
for personal services you will receive
from this withholding agent during the
tax year. Enter an estimated amount if
you do not know the exact amount.

Line 12a
Enter the specific treaty and article on
which you are basing your claim for
exemption from withholding (for
example, “U.S./Germany tax treaty,
Article 20(4)” or “U.S./Belgium tax
treaty, Article 7 (business profits”).

Line 12b
If all income received for the services
performed to which this Form 8233
applies is exempt, write “All.” If only part
is exempt, enter the exact dollar
amount that is exempt from withholding.

Line 12c
Generally, you may claim a withholding
exemption based on a U.S. tax treaty
with the country in which you claim
permanent (or indefinite) residence.
This is the foreign country in which you
live most of the time. It is not
necessarily the country of your
citizenship. For example, you are a
citizen of Pakistan but maintain your
home in England. You cannot claim a
withholding exemption based on the
U.S./Pakistan tax treaty. Any
withholding exemption you claim must
be based on the U.S./United Kingdom
tax treaty.

Line 13b
Enter the specific treaty and article on
which you are basing your claim for
exemption from withholding (for
example, “U.S./Germany tax treaty,
Article 20(3)”.

Line 14
Provide sufficient facts to justify the
exemption from withholding claimed on
line 12 and/or line 13. Be sure you
provide enough details to allow the IRS
to determine the tax treaty benefit you
are claiming.

Lines 15 through 18 (for
certain independent personal
services)
Do not complete lines 15 through 18 if
you are claiming an exemption from
withholding based on the “business
profit” article of a treaty or claiming on
line 12b that all of the compensation
you are receiving for independent
personal services is exempt from
withholding.

Line 15
For compensation for independent
personal services for which an
exemption from withholding is not
available, 30% must be withheld from
that compensation after subtracting
the value of one personal exemption. In
most cases, you will enter “1” on line
15; however, if the exception described
next applies to you, enter the total
number of personal exemptions you are
entitled to on line 15.

Exception. If you are a resident of
Canada, Mexico, or South Korea; a
student from India; or a U.S. national;
you may be able to claim additional
personal exemptions for your spouse
and children. See Pub. 519 for more
information.

Lines 16 and 17
Each allowable personal exemption
must be prorated for the number of
days during the tax year you will
perform the personal services in the
United States. Enter the number of
days on line 16 that pertain to the
independent personal services
described in line 11a. To figure the
daily personal exemption amount to
enter on line 17, divide the personal
exemption amount for the tax year
($3,700 for 2011) by 365 (366 for leap
year) and multiply the result by the
amount you entered on line 15. For
example, if you are entitled to one
personal exemption for 2011, enter
$10.14 (that is, $3,700 / 365 days =
$10.14 x 1 personal exemption =
$10.14) on line 17.
Part IV

Withholding Agent’s Responsibilities

When the nonresident alien individual gives you Form 8233, review it to see if you are satisfied that the exemption from withholding is warranted. If you are satisfied, based on the facts presented, complete and sign the certification in Part IV.

You will need three copies of the completed Form 8233. Each copy of Form 8233 must include any attachments submitted by the nonresident alien individual. Give one copy of the completed Form 8233 to the nonresident alien individual. Keep a copy for your records. Within 5 days of your acceptance, forward one copy to:

Department of the Treasury Internal Revenue Service Philadelphia, PA 19255-0725

You also can fax Form 8233 to: (267) 941-1365. You are limited to 25 pages at one time.

The exemption from withholding is effective for payments made retroactive to the date of the first payment covered by Form 8233, even though you must wait at least 10 days after you have properly mailed Form 8233 to the IRS to see whether the IRS has any objections to the Form 8233.

You must not accept Form 8233, and you must withhold, if either of the following applies:

• You know, or have reason to know, that any of the facts or statements on Form 8233 may be false, or
• You know, or have reason to know, that the nonresident alien’s eligibility for the exemption from withholding cannot be readily determined (for example, you know the nonresident alien has a fixed base or permanent establishment in the United States).

If you accept Form 8233 and later find that either of the situations described above applies, you must promptly notify the IRS (by writing to the address provided earlier) and you must begin withholding on any amounts not yet paid. Also, if you are notified by the IRS that the nonresident alien’s eligibility for the exemption from withholding is in doubt or that the nonresident alien is not eligible for exemption from withholding, you must begin withholding immediately. See Regulations section 1.1441-4(b)(2)(iii) for examples illustrating these rules.

If you submit an incorrect Form 8233, you will be notified by the IRS that the form submitted is not acceptable and that you must begin withholding immediately. Examples of incorrect Forms 8233 include:

• Any Form 8233 that claims a tax treaty benefit that does not exist or is obviously false.
• Any Form 8233 that has not been completed in sufficient detail to allow determination of the correctness of the tax treaty benefit or exemption claimed.

Signatures

You or your authorized agent must sign and date Form 8233. See Regulations section 1.1441-7(c) for information about authorized agents.

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are not required to request a tax treaty withholding exemption. However, if you want to receive exemption from withholding on compensation for independent (and certain dependent) personal services, you are required to give us this information so that we can verify eligibility under the relevant tax treaty and confirm proper tax treatment. Our legal right to ask for this information is Internal Revenue Code sections 1441, 3401, and 3402. We need this information to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax. Code section 6109 requires taxpayers and withholding agents to provide their identification number. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, and cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. If a nonresident alien fails to provide a properly completed form, the withholding agent cannot accept it and is required to withhold. If a withholding agent accepts a Form 8233 as completed and later finds that any of the facts or statements made on the form are false, or that a nonresident alien’s eligibility for the exemption is in doubt, the withholding agent is required to notify the IRS and begin withholding; failure to do so may result in penalties.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

- Recordkeeping, 1 hr. 5 min.; Learning about the law or the form, 31 min.; Preparing and sending the form to IRS, 57 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Do not send the tax form to this address. Instead, give it to your withholding agent.