

2012

EMPLOYMENT TAX GUIDE

DECOSIMO
CERTIFIED PUBLIC ACCOUNTANTS

An independent firm associated with
MOORE STEPHENS



Employment Taxes 2012

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Employment Taxes

2012

Overview

It is important for an individual or entity paying someone for the performance of work to determine if that person is an employee. Partners in partnerships, members of Limited Liability Companies (LLC's) and sole proprietors are not employees. Also, independent contractors are not employees. If it is determined that there are employees, the employer must comply with a number of regulations. The specific requirements differ depending on the type of employer and the nature of the payments. The following information will help determine which rules apply to each type of employment.

Types of Payroll Taxes

Federal payroll taxes include Federal Insurance Contributions Act (FICA) tax, federal income tax (FIT) and Federal Unemployment Tax Act (FUTA) tax. State payroll taxes include state income tax (SIT), if the state imposes an income tax, and State Unemployment Tax Act (SUTA) tax.

All payroll taxes can be divided into two main categories: those withheld from the employee and those paid directly by the employer. Taxes which are withheld from the employee include FIT, SIT and half of the FICA tax. FUTA, SUTA and the other half of the FICA tax are paid directly from the employer's funds.

FICA

FICA tax has two components – Social Security and Medicare. Generally, these taxes are withheld from the employees and the employer must also pay a matching amount. Under legislation passed in late 2011, the Social Security component of FICA is reduced to 10.4% (4.2% employee and 6.2% employer) of wages through February 29, 2012. Social Security tax is due only on wages up to an annual wage base. For 2012, the wage base increases to \$110,100 from \$106,800 in 2011. The Medicare portion of FICA has no maximum wage base. All wages are subject to Medicare tax at a rate of 2.9% (1.45% employee and 1.45% employer).

Federal Income Tax (FIT)

There is no matching employer tax. Federal income tax is withheld from employees' wages.

FUTA

FUTA tax is an employer tax and is not withheld from employees. FUTA tax is due on the first \$7,000 of wages for each employee in each calendar year. The FUTA rate is 6.0%. The FUTA rate was previously 6.2%, but the .2% surcharge expired on June 30, 2011. However, an employer is given a credit of up to 5.4% if all state unemployment taxes are paid by January 31 of the following year. Therefore, in most cases, the actual FUTA rate is .6%.

SUTA

In most states, SUTA tax is an employer tax and is not withheld from employees. Both the SUTA tax base and rate vary depending on the state. The SUTA rate is based on the employer's claims history and industry. It will be assigned when the employer registers with the state and is adjusted by the state from time to time.

State Income Tax (SIT)

State income tax is withheld from the employee. There is no matching employer tax.

Types of Employees

There are two types of employees - employees under common law and statutory employees.

Common Law Employees

Most payments to common law employees will be considered wages and will be subject to all payroll taxes. Appendix A lists the factors used in determining if an employee is a common law employee. In general, these factors pertain to the amount of control the employer has over the worker. There are two basic elements to this control – what is to be done (the results of the work) and how it is to be done (the method to be used to perform the work). If the employer has the right to control the result of the work but not the method to accomplish this result, the worker is generally an independent contractor.

Statutory Employees

The statute specifically categorizes particular workers as employees. These “statutory” employees are taxed in the same way as common law employees except that they are not subject to income tax withholding. Statutory employees include:

1. Agent (or commission) drivers who deliver food, beverages (other than milk), laundry, or dry cleaning.
2. Full-time life insurance salespeople.
3. Home workers who work by the guidelines of the person for whom the work is done with materials furnished by and returned to that person or his designee.
4. Traveling or city salespeople (other than an agent or commission driver) who work full time (except for sideline sales activities) for one firm or person getting orders from customers. The orders must be for items for resale or use as supplies in the customers’ business. The customers must be retailers, wholesalers, contractors or operators of hotels, restaurants, or other businesses dealing with food or lodging.

Some workers, including direct sellers and qualified real estate agents, are statutory nonemployees. The statute specifically requires that they be treated as self-employed for all payroll purposes.

Special Classes of Employees

Some types of employees do not fall under the general rules for employees.

1. Child employed by parent – Payments for the services of a child under age 18 who works for his or her parent in a trade or business are not subject to FICA taxes if the trade or business is a sole proprietorship or a partnership in which each partner is a parent of the child. If the services of the child are not in a trade or business (such as domestic work in the home), the wages are not subject to FICA until the child reaches age 21. In either case, the wages are not subject to FUTA until age 21. In Alabama, Georgia, and Kentucky, the wages of a child employed by a parent in a trade or business are also exempt until the child reaches 21. In Ohio and Tennessee, the age limit is 18. All wages may be subject to FIT and SIT depending on the information provided on the child's Form W-4.
2. One spouse employed by the other – The wages for a spouse employed in the trade or business of the other spouse are subject to all payroll taxes except FUTA and SUTA. If the payments are not in the course of a trade or business, no payroll taxes apply.
3. Parent employed by child – Wages for a parent employed by his or her child in a trade or business are subject to all payroll taxes except FUTA and SUTA. Payroll taxes do not apply to wages paid for services not in a trade or business, except for certain domestic services if:
 - a. The parent cares for a child who lives with a son or daughter and who is either under age 18 or requires adult supervision for at least 4 consecutive weeks in a calendar quarter due to a mental or physical condition; AND
 - b. The son or daughter is a widow or widower, divorced or married to a person who, because of physical or mental condition, cannot care for the child during such period.

Wages

Wages include all items given to an employee for services. Wages include salaries, vacation allowances, bonuses, commissions, and fringe benefits. The pay may be in the form of cash, but many non-cash payments are also treated as wages and are subject to payroll taxes.

Employee Business Expense Reimbursements

Payments to employees for business expenses may be treated as wages or as non-taxable reimbursements depending on whether they are paid under an accountable or a nonaccountable plan.

1. Accountable Plan – An accountable plan has tax advantages. Amounts paid under an accountable plan are not subject to payroll taxes. They are also deductible by the employer and not subject to tax by the employee. To be an accountable plan, the reimbursement policy must require employees to meet all three of the following rules:
 - a. They must have paid or incurred deductible expenses.
 - b. They must account to the employer for these expenses within a reasonable period of time.
 - c. They must return to the employer any amounts advanced to them in excess of deductible expenses within a reasonable amount of time.

Per diem and other fixed allowances, such as standard mileage rates, may be used to reimburse employees under an accountable plan. The employee will be considered to have adequately accounted to the employer if the payments do not exceed the rates established by the federal government. For 2012 the standard mileage rate is 55.5 cents per mile. The per diem rates for meals and lodging are listed in Appendix B. The employee will still need to account for the business reason and dates of the travel. If the employee is reimbursed at rates higher than the government standards, the excess is considered wages and is subject to all payroll taxes.

2. Nonaccountable Plan – Payments made when the accountable plan requirements are not met are considered to be paid under a nonaccountable plan. Payments under a nonaccountable plan are considered wages and are subject to all employment taxes.

Non-cash Payments

Non-cash payments can be in the form of goods, lodging, food or services. Generally, the fair market value of such payments is subject to all payroll taxes. Because these payments are not in cash, there is no way to withhold the appropriate taxes from them. The employer can withhold the appropriate taxes from other cash wages paid to the employee, have the employee pay the taxes that should have been withheld to the employer or the wages can be “grossed up” (see below) for the appropriate taxes.

Special rules apply to non-cash payments for household work, agricultural labor and services not in the employer’s trade or business.

Company Cars

If an employee is given a company owned auto, the employer must subject the fair market value of the personal usage of the vehicle to all payroll taxes. The employee should report to the employer the number of business and personal (including commuting) miles driven based on a contemporaneous log kept by the employee. The employer calculates the personal use percentage based on this mileage record. The personal use percentage is multiplied by the lease value of the vehicle to determine the fair market value of the personal usage. The annual lease value is computed using the table in Appendix C.

To determine the annual lease value, the fair market value of the car at the time it is placed in service is determined. This value is used for four consecutive full calendar years. The vehicle should be revalued as of January 1 of the year following the fourth full year. If the car is transferred to another employee, it can be revalued as of January 1 of the year of the transfer.

Withholding Taxes on Non-cash Payments

When there is no cash from which to withhold payroll taxes, the employee taxes must be handled in one of three ways.

1. If possible, it is advantageous to withhold the employee taxes on non-cash wages from other cash wages. This creates no additional tax burden for either the employee or employer.
2. The employee can repay to the employer the payroll taxes that apply to the non-cash wages. This results in the same tax burden to the employee and employer as if the taxes were withheld from other cash wages.
3. If neither of the above methods is practical, the non-cash wages must be “grossed up” to include the withholding taxes. If the employee is under the FICA wage base, divide the non-cash wages by .9235. If the employee is over the wage base, divide the non-cash wages by .9855. The result of this calculation is the gross wage. The non-cash wage is the net wage. While these non-cash wages are subject to FIT and SIT, withholding is not required. This method results in a higher tax burden on both the employee and the employer because payroll taxes are computed on the grossed up amount.

Moving Expenses

Reimbursed and employer-paid qualified moving expenses are not includable in the income of the employee and are not subject to any payroll taxes. Qualified moving expenses are limited to the cost of moving the worker, his or her family and household goods. Any other amounts paid for or reimbursed to the employee related to the move are considered non-qualified moving expenses and are treated as wages subject to all payroll taxes.

Health Insurance Plans

Payments made by an employer for accident and health insurance premiums for an employee and his or her spouse and dependents are not wages and are not subject to payroll taxes. However, if the worker is an S corporation employee and owns 2% or more of the S corporation, the health insurance benefits must be included in the taxable income of the shareholder. While these benefits are taxable for FIT, they are not subject to FICA or FUTA.

Retirement Plans

Employer contributions to qualified pension and retirement plans are not subject to payroll taxes and are not taxable to the employee.

Employee deferrals or contributions to 401(k) plans and SIMPLE plans are not subject to FIT or SIT, but are subject to FICA, FUTA and SUTA.

Employee deferrals or contributions to Roth 401(k) plans are subject to all payroll taxes.

Fringe Benefits

Some fringe benefits are taxable and some are not subject to tax. Nontaxable fringe benefits include:

1. Services provided to employees at no additional cost
2. Qualified employee discounts
3. Working condition fringe benefits that are for items that the employee could deduct as business expenses (i.e. business use of a company car or subscriptions to business publications)
4. Minimal value benefits
5. Qualified transportation benefits
6. Qualified moving expense reimbursements
7. Use of on-site athletic facilities if substantially all the use is by employees and their families
8. Qualified tuition reduction

Some otherwise nontaxable benefits are taxable to highly compensated employees if the benefits are not available to employees on a nondiscriminatory basis. Taxable fringe benefits include:

1. Personal use of company aircraft
2. Free or discounted commercial flights
3. Free or discounted vacations
4. Discounts on property or services
5. Membership in country clubs or other social clubs
6. Tickets to entertainment or sporting events

In general, the amount included in the employees' wages for taxable fringe benefits is the fair market value of the fringe benefit less any amount the employee paid for it and any amount the law excludes. The taxable portion of fringe benefits may be included in taxable wages each pay period, each quarter or on any other basis, so long as it is done at least annually.

Sick Pay

In general, sick pay is any amount paid under a plan to an employee who is unable to work due to sickness or injury. These amounts are often paid by third party insurance companies. Sick pay, whether paid by the employer or a third party, is subject to FICA and FUTA. Sick pay becomes exempt from FICA and FUTA after the end of 6 calendar months after the calendar month in which the employee last worked for the employer. The third party will withhold and remit the employee taxes and report taxable wages to the employer for payment of the employer payroll taxes.

Sick pay may be subject to FIT. If the premiums were paid with pre-tax dollars, the payments are subject to FIT. If the premiums were paid with after tax dollars, the sick pay is not subject to FIT. If both the employer (pre-tax) and employee (after tax) contributed, the FIT taxable portion will be determined based on the percentages paid by each party.

Supplemental Wages

Supplemental wages are wages paid in addition to the employee's regular cash wages. They include bonuses, commissions, overtime pay, severance pay, awards, prizes, and nondeductible moving expenses. Taxable fringe benefits and payments under a nonaccountable reimbursement plan are also treated as supplemental wages. Supplemental wages are subject to all payroll taxes. The FIT withholding is computed based on how and when the wage payment is made. If supplemental wages are paid with regular wages and the amount of each is not specified, FIT is withheld as if the total was a single payment for a regular payroll period. If supplemental wages are paid separately (or combined with other pay but separately stated), withholding may be computed at a flat 25% on the supplemental wages. It is also permissible to combine the supplemental wages with all types of wages for the pay period and withhold tax as if the total was a single payment for the payroll period.

For supplemental wages of \$1,000,000 per year to one individual, different withholding rules apply.

Calculating Payroll Tax Deductions

An employer is required to withhold FIT, FICA and state income tax if applicable.

Federal Income Tax (FIT)

The IRS publishes tables indicating the amount of FIT to withhold. These calculations are based on the Form W-4, Employee's Withholding Allowance Certificate (Appendix D), completed by the employee prior to beginning work. If a new employee does not give you a Form W-4, withhold as if the employee were single with no withholding allowances.

Sending Certain Forms W-4 to the IRS

The employer is no longer required to send W-4's to the IRS unless specifically requested to do so.

Federal Insurance Contributions Act (FICA)

FICA is made up of Social Security and Medicare. The Medicare tax is 1.45% of all wages. Social Security is 6.2% of wages up to \$110,100 for 2012. This cap changes annually.

State Income Tax (SIT)

Each state with an income tax publishes withholding tables. These states also provide a withholding form for employees to complete similar to the Federal Form W-4. Withholding should be based on the information on this form.

Remitting Federal Taxes

Both payroll taxes withheld and employer paid payroll taxes must be paid to the IRS. How and when these payments are to be made depends on the size of these and other federal tax payments of the employer. For most employers, there are two types of federal payroll taxes required to be deposited – Form 941 taxes (FICA and FIT) and Form 940 taxes (FUTA).

Form 941 Taxes

The due dates for depositing Form 941 taxes are determined by the amount of the liability.

1. Payment with the return - If the total Form 941 liability for a quarter is less than \$2,500, it may be paid by attaching a check to the return when filed.
2. Monthly or semi-weekly deposits - If the total Form 941 liability for a quarter will exceed \$2,500, employers are required to deposit these payroll taxes either monthly or semi-weekly. For 2012, in order to determine if an employer is a monthly or a semi-weekly depositor, the IRS looks at Forms 941 for the 3rd and 4th quarters of 2010 and the 1st and 2nd quarters of 2011. If the total payroll tax liability during these 4 quarters was more than \$50,000, the employer is a semi-weekly depositor. If the liability for this period was \$50,000 or less, the employer is a monthly depositor. New employers are monthly depositors for the first calendar year.
 - a. Monthly deposit schedule - Under the monthly deposit rules, Form 941 taxes on wages paid during a month must be deposited by the 15th day of the following month.

- b. Semi-weekly deposit schedule - Under the semi-weekly deposit schedule, Form 941 taxes for wages paid on Wednesday, Thursday and/or Friday must be deposited by the following Wednesday. Form 941 taxes accumulated on wages paid on Saturday, Sunday, Monday and/or Tuesday must be deposited by the following Friday.
3. Next day deposits - If the Form 941 liability reaches \$100,000 or more on any day, the tax must be deposited by the next banking day regardless of the employer's regular deposit schedule. If this rule applies at any time, an employer immediately becomes a semi-weekly depositor for the balance of that calendar year and for all of the following year.

Form 940 Taxes

Form 940 tax deposits are made quarterly. Deposits are due on the last day of the month following the end of the quarter. A deposit is required only if the accumulated unpaid Form 940 tax is \$500 or more. If the liability is less than \$500, no deposit is required for that quarter. Any undeposited tax is added to the Form 940 tax liability for the following quarter. When the accumulated undeposited tax exceeds \$500 at the end of a quarter, a deposit will be required.

Banking Days

If a deposit is due on a banking holiday, the deposit is considered timely if made by the next banking day.

How to Deposit

As of January 1, 2011, Form 8109-B is no longer accepted to make federal tax deposits. All taxpayers are now required to use electronic funds transfer to make federal tax deposits. Taxpayers can remit their tax using the Electronic Federal Tax Payment System (EFTPS). EFTPS is a free service provided by the U.S. Department of the Treasury. Taxpayers can enroll in the system at <http://www.eftps.gov> and will need the following information:

1. Taxpayer Identification Number (Employer Identification Number or Social Security Number)
2. Bank account number and routing number
3. Address and name as they appear on IRS tax documents

To apply online at <http://www.eftps.gov>:

1. Select the Enrollment tab
2. Select Business or Individual
3. Enter the requested information
4. Submit

A temporary PIN will be mailed to the taxpayer within seven days after submitting the application. After the PIN is received, call 1-800-982-3526 to get a temporary internet password to log in to the account and submit payments.

Payroll Tax Deposit Responsibility

Note that the IRS takes the position that owners or officers of a business cannot delegate responsibility for the timely depositing of payroll taxes. Many companies now use third parties to process their payroll. If an error is made by that third party in a payroll tax deposit, or if it is not made on time, very substantial penalties can apply.

The IRS will not abate penalties for the failure of a third-party processor to correctly or timely make payroll tax deposits, even when that third party is a Certified Public Accountant.

Owners and officers of a business can be held responsible for the failure to deposit payroll taxes timely. This means that, in addition to the other payroll tax penalties incurred, a penalty of 100% of the payroll tax deposit liability could be assessed against all "responsible" parties, which could include owners and/or officers. It is imperative that owners and officers monitor the accuracy and timeliness of payroll tax deposits.

Computing State Unemployment Tax Act (SUTA) Taxes

SUTA taxes, like FUTA taxes, are only applied to a portion of wages. The wage base for the following states is:

Alabama	\$8,000
Georgia	\$8,500
Kentucky	\$9,000
Ohio	\$9,000
Tennessee	\$9,000

The SUTA rate varies by state and employer and will be assigned when the entity registers with the state.

Required Filings

Form SS-4, Application for Employer Identification Number

Form SS-4 (Appendix E) should be filed as soon as an entity is formed or plans to hire employees. The IRS will assign the entity an employer identification number when this form is filed.

State Unemployment Application

Each state provides its own form for applying for a state unemployment number. This form should be filed at the same time as the SS-4.

Form 941, Employer's Quarterly Tax Return

Form 941 is used by most employers to report FIT and FICA wages and taxes. Form 941 is filed quarterly on the last day of April (1st quarter), July (2nd quarter), October (3rd quarter) and January (4th quarter). Household employers and agricultural employers do not file Form 941.

Form 940, Employer's Annual Federal Unemployment Tax Return

Form 940 (or 940-EZ) is used to report FUTA wages and taxes. It is due on January 31. While Form 940 taxes are required to be deposited quarterly, the form is an annual return only.

Form 945, Annual Return of Withheld Federal Income Tax

Form 945 is used to report FIT withheld from non-wage payments such as contract labor and pension plan payments. It is an annual return due on February 1. While

Form 945 is an annual return, the withheld taxes are due on the same schedule as Form 941 taxes.

Form W-2, Wage and Tax Statement/Form W-3, Transmittal of Wage and Tax Statements

Form W-2 is used to report the wages and withholding to the employee and the IRS. Form W-3 is a transmittal sheet with the totals from all attached W-2's. The employee's copy of Form W-2 should be distributed to the employee by January 31. The government copy is sent to the Social Security Administration and is due February 28.

Form 1099/Form 1096, Annual Summary and Transmittal of U. S. Information Returns

Form 1099 is used to report non-wage payments and related FIT withholding to individuals or non-incorporated businesses receiving such payments. Each type of Form 1099, with a separate Form 1096, should be filed with the IRS by February 28. The recipient copy should be distributed to the recipient by January 31.

State Unemployment Returns

State unemployment returns are due on the same schedule as Form 941. However, some states allow household employers to file annually.

State Income Tax Returns

State income tax returns are generally due on the same dates as Form 941.

Pension Withholding

Generally, the taxable portion of pension payments is subject to FIT. The recipient of these payments should provide the payer a completed Form W-4P (Appendix F) and the payer should use that information to compute the withholding. The regular withholding tables are used to compute the withholding. These taxes should be deposited in the same way and on the same timetable as regular payroll tax payments. However, when indicating the type of tax on the coupon or through EFTPS, Form 945 taxes should be marked.

Reporting Non-wage Payments

Payments in the course of your trade or business to a non-incorporated entity for rents and services of \$600 or more in a calendar year must be reported on Form 1099 - MISC. Regardless of their form of business, all payments during a calendar year totaling \$600 or more to an attorney must be reported on Form 1099-MISC. When contracting with a non-corporate entity or an attorney for rents or services, it is important that the individual or a representative of the entity complete Form W-9, Request for Taxpayer Identification Number and Certification (Appendix G).

Household Employers

Household employers have a different set of rules for payroll taxes. In general, these rules are less stringent than those for regular business employers.

De Minimis Wages

If a household employee is paid less than \$1,800 in 2012 and paid less than \$1,000 in any calendar quarter, there are no payroll withholding or reporting requirements. While these wages are not required to be reported to any taxing authority, the employee is required to report these wages on his or her individual income tax return.

Withholding

FIT and state income tax withholdings from a household employee are voluntary. These taxes are withheld only if both the employee and employer agree to withhold. Even if there is no plan to withhold income taxes, the employee must complete Form W-4 when hired.

FICA tax is due on household wages and may be withheld from a household employee in the same manner as a regular employee. The reduced FICA withholding also applies to household employees through February 29, 2012. However, it is also acceptable for the employer to pay both the employee and employer FICA taxes. If this is done, the employee portion of the FICA tax is included in federal taxable wages, but is not included in FICA taxable wages. This method is available only for household employers.

Payment of Tax and Required Forms

Household employers pay their FIT withheld, FICA and FUTA with their individual income tax return on Schedule H, Household Employment Taxes. While there is no requirement to deposit payroll taxes monthly and no quarterly federal forms to file, the payroll tax liability is included in the total tax liability when computing estimate payments and underpayment penalties.

SUTA taxes and SUTA returns are due quarterly in most states. However, Georgia has gone to an annual report for household employers.

In most states, state income tax withheld must be paid quarterly.

Form W-2 should be distributed to the employee by January 31 and sent to the Social Security Administration by February 28.

Factors Used by IRS in Determining Employee Status

Although Congress has barred the Internal Revenue Service from issuing any official rules governing independent contractor status (see "Section 530: Safe Harbor Rules" below), IRS instructs its auditors to examine the relationship between the business and the worker in relationship to the control standards of the common law test. Specifically, IRS auditors now look at three categories of evidence: behavioral control, financial control, and relationship of the parties.

Behavioral control may be demonstrated by facts which illustrate that there is a right to direct or control how the worker performs the specific tasks for which he/she is engaged.

- *Instructions* — An individual who must comply with another person's instructions about when, where, or how to work is generally considered an employee. This applies even if the business simply has the right to require compliance, but does not exercise that right. Types of instructions that will tend to classify a worker as an employee include direction as to which tools or equipment to use, which workers to hire to assist with the work, where to purchase supplies or services, which work must be performed by a specified individual, which routines or patterns must be used, and which order or sequence of work must be followed, as well as a requirement to obtain approval before taking certain actions. Instructions given in order to be in compliance with governmental agencies or industry governing bodies will be given little weight in determining worker status.
- *Training* — Periodic or ongoing training provided by a business about procedures to be followed and methods to be used indicates that the business wants the services performed in a particular manner and is evidence of an employer-employee relationship. However, information about the business' policies or products or about applicable governmental statutes or regulations are not considered training for worker status determination purposes, nor are training programs that are voluntary and for which no compensation is given.

Financial control may be demonstrated by facts which illustrate that there is a right to direct or control the economic aspects of the worker's activities. Whether or not the worker is personally economically dependent on the business has no bearing on this category of evidence, nor does the worker's general economic status.

- *Significant investment* — There are no precise dollar thresholds to be met in this category, but the investment in facilities and tools used in the course of performing services must be substantive in order for the worker to be treated as an independent contractor. The rental or purchase of items at fair market value will give greater weight to the consideration of a worker as an independent contractor.
- *Unreimbursed expenses* — The extent to which a worker chooses to incur expenses and bear their costs impact the worker's opportunity for profit or loss and lends evidence towards the worker's status as an independent contractor. Businesses may pay portions of the expenses of an independent contractor, so the focus should be on unreimbursed expenses, especially fixed, ongoing costs that are incurred regardless of whether work is performed. Examples include rent and utilities, training, advertising, wages of assistants, licensing, insurance, and travel. Minor tool expenses generally do not lend evidence toward an independent contractor status.

- *Services available to the relevant market* — Independent contractors often advertise and maintain a visible location in order to be available to work for the relevant market. However, the absence of these activities is a neutral fact, as an independent contractor may rely on word of mouth or may be under a long-term contract.

- *Method of payment* — Employees generally are paid by the hour, day, or month, indicating a guaranteed return for labor. Independent contractors typically are paid a flat fee or on a commission basis for performance of a task. The frequency under which payments are made is not relevant. However, it is customary in certain types of businesses, such as law or accounting, to pay independent contractors by the hour.

- *Opportunity for profit or loss* — This is probably the most important type of evidence within the category of financial control, and the other four items (significant investment, unreimbursed expenses, services available, and method of payment) all have an impact on this one. However, not all four are required in order for there to be an opportunity for profit or loss. Most important in this type of evidence is whether the worker is free to make business decisions affecting his/her own profit or loss. To the extent the worker makes such decisions, more weight will be given toward the status of independent contractor. Examples include decisions regarding types and quantity of inventory, capital investment, and purchase or lease of premises and equipment. The fact that a worker may receive more money by working longer hours does not enter into consideration.

The relationship of the parties, especially how the worker and business perceive each other in terms of their intent concerning control, will be considered by IRS auditors.

- *Intent of parties/written contracts* — A written agreement describing the worker as an independent contractor is viewed as evidence of the parties' intent, but is not, in itself, sufficient evidence for determining worker status. However, the contract may specify items that are relevant, such as methods of compensation, expenses to be reimbursed, or how work will be performed. If it is otherwise impossible for IRS to determine a worker's status, the intent of the parties may be used to resolve the issue.

- *Employee benefits* — Providing a worker with benefits traditionally associated with employee status will lend weight to the determination of the worker as an employee. Examples of such benefits include paid vacation or sick time, health insurance, life insurance, and a pension plan. The determination that a worker is an employee under certain state or federal laws, such as for unemployment benefits or for worker's compensation coverage, shall have no impact on the IRS consideration.

- *Discharge/termination* — Traditionally, the ability to immediately terminate the relationship on the part of either the business or the worker indicated an employee status, and the opposite was the case for an independent contractor. However, this is not universally the case anymore, and this type of evidence is used to a much lesser extent than it used to be, except in the case of a business' ability to refuse payment for unsatisfactory work by an independent contractor.

- *Continuing relationship* — Employees usually are hired for a indefinite period, rather than for a specific project or period. This is not to be confused with the potentially long-term (but definite) period of time for which independent contractors are often hired. Occasionally, employees are hired for definite periods of time (long- or short-term). For this reason, a relationship that is indefinite in length may be viewed as evidence of an employee status, but a relationship that is not indefinite is a neutral fact.

- *Regular business activity* — The fact that an individual's services are a key aspect of the regular business of the organization may indicate that the individual is subject to a certain amount of control by the organization, which would lend evidence toward an employee status. However, this would need to be investigated. The fact that the services performed are part of the regular business does not itself lend weight toward determination as an employee.

High-Cost Localities: High-Low Method for 2012

Following is a list of locations within the continental United States that are considered high-cost localities under the high-low substantiation method for setting per diem rates. Effective Oct. 1, 2011 (the federal government's fiscal year starts Oct. 1), the general applicable rate for all high-cost localities is \$242 per day (\$177 for lodging and \$65 for meals and incidental expenses). The rate for any continental U.S. location not included in this list is \$163 per day (\$111 for lodging and \$52 for meals and incidental expenses). For 2012, all the localities listed below qualify for a federal per diem rate of at least \$202 per day, with some qualifying for the \$242 per day rate the entire year, and others qualifying for the highest rate only during certain periods of the year. The Internal Revenue Service cautions that the High-Low method of substantiation may not be used to substantiate meals-only per diems.

For more information on the proper application of the per diem method, see 115:1404.

The following localities have a federal per diem rate of at least \$202 per day and are high-cost localities for either the 2012 calendar year or for the portion of the calendar year noted with dates (e.g., Martha's Vineyard, June 1-Aug. 31). The federal per diem rates listed below are effective through Oct. 1, 2012, or through Dec. 31, 2012, if the employer elects to apply the rates on a calendar-year basis.

2012 Federal Per Diem Rates for High Cost Localities

State, Key City	County and other defined location
Arizona	
Sedona (March 1-April 30)	City limits of Sedona
California	
Monterey	Monterey
Napa (Oct. 1-Nov. 30 and April 1-Sept. 30)	Napa
San Diego	San Diego
San Francisco	San Francisco
Santa Barbara	Santa Barbara
Santa Monica	City limits of Santa Monica
Yosemite National Park (June 1-Aug. 31)	Mariposa
Colorado	
Aspen (Dec. 1-March 31 and June 1-Aug. 31)	Pitkin
Denver/Aurora	Denver, Adams, Arapahoe, and Jefferson
Steamboat Springs (Dec. 1-March 31)	Routt
Telluride (Dec. 1-March 31)	San Miguel
Vail (Dec. 1-Aug. 31)	Eagle
District of Columbia	

Washington area (see also Maryland and Virginia)

Cities of Alexandria, Fairfax, and Falls Church, and the counties of Arlington and Fairfax in Virginia; and the counties of Montgomery and Prince George's in Maryland

Florida

Fort Lauderdale (Jan. 1-May 31)
Fort Walton Beach/Defuniak Springs (June 1-July 31)
Key West
Miami (Dec. 1-March 31)
Naples (Jan. 1-April 30)

Broward
Okaloosa and Walton
Monroe
Miami-Dade
Collier

Illinois

Chicago (Oct. 1-Nov. 30 and April 1-Sept. 30)

Cook and Lake

Louisiana

New Orleans (Oct. 1-June 30)

Orleans, St. Bernard, Jefferson and Plaquemine Parishes

Maine

Bar Harbor (July 1-Aug. 31)

Hancock

Maryland

Baltimore City (Oct. 1-Nov. 30 and March 1-Sept. 30)
Cambridge/St. Michaels (June 1-Aug. 31)

Baltimore City

Ocean City (June 1-Aug. 31)
Washington Metro Area

Dorchester and Talbot
Worcester
Montgomery County and Prince George's County

Massachusetts

Boston/Cambridge

Suffolk, City of Cambridge
City limits of Falmouth
Dukes
Nantucket

Falmouth (July 1-Aug. 31)
Martha's Vineyard (July 1-Aug. 31)
Nantucket (June 1-Sept. 30)

New Hampshire

Conway (July 1-Aug. 31)

Carroll

New York

Floral Park/Garden City/Great Neck
Glens Falls (July 1-Aug. 31)
Lake Placid (July 1-Aug. 31)
Manhattan (includes the boroughs of Manhattan, Brooklyn, the Bronx, Queens, and Staten Island)

Nassau
Warren
Essex
Bronx, Kings, New York, Queens,

Saratoga Springs/Schenectady (July 1-Aug. 31)
Tarrytown/White Plains/New Rochelle

Richmond
Saratoga and Schenectady
Westchester

North Carolina

Kill Devil (June 1-Aug. 31)

Dare

Pennsylvania

Philadelphia

Philadelphia

Rhode Island

Jamestown/Middletown/Newport (Oct. 1-Oct. 31 and May 1-Sept. 30)

Newport

Utah

Park City (Jan. 1-March 31)

Virginia

Washington Metro Area

Virginia Beach (June 1-Aug. 31)

Washington

Seattle

Wyoming

Jackson/Pinedale (July 1-Aug. 31)

Summit

Cities of Alexandria, Fairfax, and
Falls Church; counties of
Arlington and Fairfax
City of Virginia Beach

King

Teton and Sublette

IRS ANNUAL LEASE VALUE TABLE

Automobile Fair Market Value	Annual Lease Value	Automobile Fair Market Value	Annual Lease Value
\$ 0 – 999	\$ 600	\$22,000 – 22,999	\$ 6,100
1,000 – 1,999	850	23,000 – 23,999	6,350
2,000 – 2,999	1,100	24,000 – 24,999	6,600
3,000 – 3,999	1,350	25,000 – 25,999	6,850
4,000 – 4,999	1,600	26,000 – 27,999	7,250
5,000 – 5,999	1,850	28,000 – 29,999	7,750
6,000 – 6,999	2,100	30,000 – 31,999	8,520
7,000 – 7,999	2,350	32,000 – 33,999	8,750
8,000 – 8,999	2,600	34,000 – 35,999	9,250
9,000 – 9,999	2,850	36,000 – 37,999	9,750
10,000 – 10,999	3,100	38,000 – 39,999	10,250
11,000 – 11,999	3,350	40,000 – 41,999	10,750
12,000 – 12,999	3,600	42,000 – 43,999	11,250
13,000 – 13,999	3,850	44,000 – 45,999	11,750
14,000 – 14,999	4,100	46,000 – 47,999	12,250
15,000 – 15,999	4,350	48,000 – 49,999	12,750
16,000 – 16,999	4,600	50,000 – 51,999	13,250
17,000 – 17,999	4,850	52,000 – 53,999	13,750
18,000 – 18,999	5,100	54,000 – 25,999	14,250
19,000 – 19,999	5,350	56,000 – 57,999	14,750
20,000 – 20,999	5,600	58,000 – 59,999	15,250
21,000 – 21,999	5,850	For Vehicles having a fair market value in excess of \$59,999, the annual lease value = (0.25 x the auto's fair market value) + \$500	

Form W-4 (2012)

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 2012 expires February 18, 2013. 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 cannot claim exemption from withholding if your income exceeds \$950 and includes more than \$300 of unearned income (for example, interest and dividends).

Basic instructions. If you are not 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 2012. See Pub. 505, especially if your earnings exceed \$130,000 (Single) or \$180,000 (Married).

Future developments. The IRS has created a page on IRS.gov for information about Form W-4, at www.irs.gov/w4. Information about any future developments affecting Form W-4 (such as legislation enacted after we release it) will be posted on that page.

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:
 • You are single and have only one job; or
 • You are married, have only one job, and your spouse does not 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 \$1,900 of **child or dependent care expenses** for which you plan to claim a credit **F** _____

G **Child Tax Credit** (including additional child tax credit). See Pub. 972, Child Tax Credit, for more information.
 • If your total income will be less than \$61,000 (\$90,000 if married), enter "2" for each eligible child; then **less "1"** if you have three to seven eligible children or **less "2"** if you have eight or more eligible children.
 • If your total income will be between \$61,000 and \$84,000 (\$90,000 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.**
 • 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 \$40,000 (\$10,000 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	<h2>Employee's Withholding Allowance Certificate</h2> <p>► 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.</p>	OMB No. 1545-0074 <h1 style="font-size: 2em;">2012</h1>
1 Your first name and middle initial _____ Last name _____		2 Your social security number _____
Home address (number and street or rural route) _____		3 <input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Married, but withhold at higher Single rate. 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"/>
5 Total number of allowances you are claiming (from line H above or from the applicable worksheet on page 2) _____		5 _____
6 Additional amount, if any, you want withheld from each paycheck _____		6 \$ _____
7 I claim exemption from withholding for 2012, and I certify that I meet both of the following conditions for exemption. • 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) _____

Deductions and Adjustments Worksheet

Note. Use this worksheet *only* if you plan to itemize deductions or claim certain credits or adjustments to income.

1	Enter an estimate of your 2012 itemized deductions. These include qualifying home mortgage interest, charitable contributions, state and local taxes, medical expenses in excess of 7.5% of your income, and miscellaneous deductions	1	\$ _____
2	Enter: $\left\{ \begin{array}{l} \$11,900 \text{ if married filing jointly or qualifying widow(er)} \\ \$8,700 \text{ if head of household} \\ \$5,950 \text{ if single or married filing separately} \end{array} \right\}$	2	\$ _____
3	Subtract line 2 from line 1. If zero or less, enter "-0-"	3	\$ _____
4	Enter an estimate of your 2012 adjustments to income and any additional standard deduction (see Pub. 505)	4	\$ _____
5	Add lines 3 and 4 and enter the total. (Include any amount for credits from the <i>Converting Credits to Withholding Allowances for 2012 Form W-4</i> worksheet in Pub. 505.)	5	\$ _____
6	Enter an estimate of your 2012 nonwage income (such as dividends or interest)	6	\$ _____
7	Subtract line 6 from line 5. If zero or less, enter "-0-"	7	\$ _____
8	Divide the amount on line 7 by \$3,800 and enter the result here. Drop any fraction	8	_____
9	Enter the number from the Personal Allowances Worksheet , line H, page 1	9	_____
10	Add lines 8 and 9 and enter the total here. If you plan to use the Two-Earners/Multiple Jobs Worksheet , also enter this total on line 1 below. Otherwise, stop here and enter this total on Form W-4, line 5, page 1	10	_____

Two-Earners/Multiple Jobs Worksheet (See *Two earners or multiple jobs* on page 1.)

Note. Use this worksheet *only* if the instructions under line H on page 1 direct you here.

1	Enter the number from line H, page 1 (or from line 10 above if you used the Deductions and Adjustments Worksheet)	1	_____
2	Find the number in Table 1 below that applies to the LOWEST paying job and enter it here. However , if you are married filing jointly and wages from the highest paying job are \$65,000 or less, do not enter more than "3"	2	_____
3	If line 1 is more than or equal to line 2, subtract line 2 from line 1. Enter the result here (if zero, enter "-0-") and on Form W-4, line 5, page 1. Do not use the rest of this worksheet	3	_____

Note. If line 1 is **less than** line 2, enter "-0-" on Form W-4, line 5, page 1. Complete lines 4 through 9 below to figure the additional withholding amount necessary to avoid a year-end tax bill.

4	Enter the number from line 2 of this worksheet	4	_____
5	Enter the number from line 1 of this worksheet	5	_____
6	Subtract line 5 from line 4	6	_____
7	Find the amount in Table 2 below that applies to the HIGHEST paying job and enter it here	7	\$ _____
8	Multiply line 7 by line 6 and enter the result here. This is the additional annual withholding needed	8	\$ _____
9	Divide line 8 by the number of pay periods remaining in 2012. For example, divide by 26 if you are paid every two weeks and you complete this form in December 2011. Enter the result here and on Form W-4, line 6, page 1. This is the additional amount to be withheld from each paycheck	9	\$ _____

Table 1				Table 2			
Married Filing Jointly		All Others		Married Filing Jointly		All Others	
If wages from LOWEST paying job are—	Enter on line 2 above	If wages from LOWEST paying job are—	Enter on line 2 above	If wages from HIGHEST paying job are—	Enter on line 7 above	If wages from HIGHEST paying job are—	Enter on line 7 above
\$0 - \$5,000	0	\$0 - \$8,000	0	\$0 - \$70,000	\$.570	\$0 - \$35,000	\$.570
5,001 - 12,000	1	8,001 - 15,000	1	70,001 - 125,000	950	35,001 - 90,000	950
12,001 - 22,000	2	15,001 - 25,000	2	125,001 - 190,000	1,060	90,001 - 170,000	1,060
22,001 - 25,000	3	25,001 - 30,000	3	190,001 - 340,000	1,250	170,001 - 375,000	1,250
25,001 - 30,000	4	30,001 - 40,000	4	340,001 and over	1,330	375,001 and over	1,330
30,001 - 40,000	5	40,001 - 50,000	5				
40,001 - 48,000	6	50,001 - 65,000	6				
48,001 - 55,000	7	65,001 - 80,000	7				
55,001 - 65,000	8	80,001 - 95,000	8				
65,001 - 72,000	9	95,001 - 120,000	9				
72,001 - 85,000	10	120,001 and over	10				
85,001 - 97,000	11						
97,001 - 110,000	12						
110,001 - 120,000	13						
120,001 - 135,000	14						
135,001 and over	15						

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. Internal Revenue Code sections 3402(f)(2) and 6109 and their regulations require you to provide this information; your employer uses it to determine your federal income tax withholding. Failure to provide a properly completed form will result in your being treated as a single person who claims no withholding allowances; providing fraudulent information may subject you to penalties. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation; to cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their tax laws; and to the Department of Health and Human Services for use in the National Directory of New Hires. 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.

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 Code section 6103.

The average time and expenses required to complete and file this form will vary depending on individual circumstances. For estimated averages, see the instructions for your income tax return.

If you have suggestions for making this form simpler, we would be happy to hear from you. See the instructions for your income tax return.

Application for Employer Identification Number

OMB No. 1545-0003

(For use by employers, corporations, partnerships, trusts, estates, churches, government agencies, Indian tribal entities, certain individuals, and others.)

EIN

▶ See separate instructions for each line. ▶ Keep a copy for your records.

Type or print clearly.

1 Legal name of entity (or individual) for whom the EIN is being requested			
2 Trade name of business (if different from name on line 1)	3 Executor, administrator, trustee, "care of" name		
4a Mailing address (room, apt., suite no. and street, or P.O. box)	5a Street address (if different) (Do not enter a P.O. box.)		
4b City, state, and ZIP code (if foreign, see instructions)	5b City, state, and ZIP code (if foreign, see instructions)		
6 County and state where principal business is located			
7a Name of responsible party	7b SSN, ITIN, or EIN		
8a Is this application for a limited liability company (LLC) (or a foreign equivalent)? <input type="checkbox"/> Yes <input type="checkbox"/> No	8b If 8a is "Yes," enter the number of LLC members ▶		
8c If 8a is "Yes," was the LLC organized in the United States? <input type="checkbox"/> Yes <input type="checkbox"/> No			
9a Type of entity (check only one box). Caution. If 8a is "Yes," see the instructions for the correct box to check.			
<input type="checkbox"/> Sole proprietor (SSN) _____	<input type="checkbox"/> Estate (SSN of decedent) _____		
<input type="checkbox"/> Partnership	<input type="checkbox"/> Plan administrator (TIN) _____		
<input type="checkbox"/> Corporation (enter form number to be filed) ▶ _____	<input type="checkbox"/> Trust (TIN of grantor) _____		
<input type="checkbox"/> Personal service corporation	<input type="checkbox"/> National Guard <input type="checkbox"/> State/local government		
<input type="checkbox"/> Church or church-controlled organization	<input type="checkbox"/> Farmers' cooperative <input type="checkbox"/> Federal government/military		
<input type="checkbox"/> Other nonprofit organization (specify) ▶ _____	<input type="checkbox"/> REMIC <input type="checkbox"/> Indian tribal governments/enterprises		
<input type="checkbox"/> Other (specify) ▶ _____	Group Exemption Number (GEN) if any ▶ _____		
9b If a corporation, name the state or foreign country (if applicable) where incorporated	State _____ Foreign country _____		
10 Reason for applying (check only one box)			
<input type="checkbox"/> Started new business (specify type) ▶ _____	<input type="checkbox"/> Banking purpose (specify purpose) ▶ _____		
<input type="checkbox"/> Hired employees (Check the box and see line 13.)	<input type="checkbox"/> Changed type of organization (specify new type) ▶ _____		
<input type="checkbox"/> Compliance with IRS withholding regulations	<input type="checkbox"/> Purchased going business		
<input type="checkbox"/> Other (specify) ▶ _____	<input type="checkbox"/> Created a trust (specify type) ▶ _____		
<input type="checkbox"/> Created a pension plan (specify type) ▶ _____			
11 Date business started or acquired (month, day, year). See instructions.	12 Closing month of accounting year		
13 Highest number of employees expected in the next 12 months (enter -0- if none). If no employees expected, skip line 14.	14 If you expect your employment tax liability to be \$1,000 or less in a full calendar year and want to file Form 944 annually instead of Forms 941 quarterly, check here. (Your employment tax liability generally will be \$1,000 or less if you expect to pay \$4,000 or less in total wages.) If you do not check this box, you must file Form 941 for every quarter. <input type="checkbox"/>		
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%;">Agricultural</td> <td style="width: 33%;">Household</td> <td style="width: 33%;">Other</td> </tr> </table>		Agricultural	Household
Agricultural	Household	Other	
15 First date wages or annuities were paid (month, day, year). Note. If applicant is a withholding agent, enter date income will first be paid to nonresident alien (month, day, year) ▶			
16 Check one box that best describes the principal activity of your business.			
<input type="checkbox"/> Construction <input type="checkbox"/> Rental & leasing <input type="checkbox"/> Transportation & warehousing	<input type="checkbox"/> Health care & social assistance <input type="checkbox"/> Wholesale-agent/broker		
<input type="checkbox"/> Real estate <input type="checkbox"/> Manufacturing <input type="checkbox"/> Finance & insurance	<input type="checkbox"/> Accommodation & food service <input type="checkbox"/> Wholesale-other <input type="checkbox"/> Retail		
<input type="checkbox"/> Other (specify) _____			
17 Indicate principal line of merchandise sold, specific construction work done, products produced, or services provided.			
18 Has the applicant entity shown on line 1 ever applied for and received an EIN? <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes," write previous EIN here ▶ _____			

Third Party Designee	Complete this section only if you want to authorize the named individual to receive the entity's EIN and answer questions about the completion of this form.	
	Designee's name	Designee's telephone number (include area code) ()
	Address and ZIP code	Designee's fax number (include area code) ()
Under penalties of perjury, I declare that I have examined this application, and to the best of my knowledge and belief, it is true, correct, and complete.		Applicant's telephone number (include area code) ()
Name and title (type or print clearly) ▶		Applicant's fax number (include area code) ()
Signature ▶		Date ▶

Do I Need an EIN?

File Form SS-4 if the applicant entity does not already have an EIN but is required to show an EIN on any return, statement, or other document.¹ See also the separate instructions for each line on Form SS-4.

IF the applicant...	AND...	THEN...
Started a new business	Does not currently have (nor expect to have) employees	Complete lines 1, 2, 4a-8a, 8b-c (if applicable), 9a, 9b (if applicable), and 10-14 and 16-18.
Hired (or will hire) employees, including household employees	Does not already have an EIN	Complete lines 1, 2, 4a-6, 7a-b (if applicable), 8a, 8b-c (if applicable), 9a, 9b (if applicable), 10-18.
Opened a bank account	Needs an EIN for banking purposes only	Complete lines 1-5b, 7a-b (if applicable), 8a, 8b-c (if applicable), 9a, 9b (if applicable), 10, and 18.
Changed type of organization	Either the legal character of the organization or its ownership changed (for example, you incorporate a sole proprietorship or form a partnership) ²	Complete lines 1-18 (as applicable).
Purchased a going business ³	Does not already have an EIN	Complete lines 1-18 (as applicable).
Created a trust	The trust is other than a grantor trust or an IRA trust ⁴	Complete lines 1-18 (as applicable).
Created a pension plan as a plan administrator ⁵	Needs an EIN for reporting purposes	Complete lines 1, 3, 4a-5b, 9a, 10, and 18.
Is a foreign person needing an EIN to comply with IRS withholding regulations	Needs an EIN to complete a Form W-8 (other than Form W-8ECI), avoid withholding on portfolio assets, or claim tax treaty benefits ⁶	Complete lines 1-5b, 7a-b (SSN or ITIN optional), 8a, 8b-c (if applicable), 9a, 9b (if applicable), 10, and 18.
Is administering an estate	Needs an EIN to report estate income on Form 1041	Complete lines 1-6, 9a, 10-12, 13-17 (if applicable), and 18.
Is a withholding agent for taxes on non-wage income paid to an alien (i.e., individual, corporation, or partnership, etc.)	Is an agent, broker, fiduciary, manager, tenant, or spouse who is required to file Form 1042, Annual Withholding Tax Return for U.S. Source Income of Foreign Persons	Complete lines 1, 2, 3 (if applicable), 4a-5b, 7a-b (if applicable), 8a, 8b-c (if applicable), 9a, 9b (if applicable), 10, and 18.
Is a state or local agency	Serves as a tax reporting agent for public assistance recipients under Rev. Proc. 80-4, 1980-1 C.B. 581 ⁷	Complete lines 1, 2, 4a-5b, 9a, 10, and 18.
Is a single-member LLC	Needs an EIN to file Form 8832, Classification Election, for filing employment tax returns and excise tax returns, or for state reporting purposes ⁸	Complete lines 1-18 (as applicable).
Is an S corporation	Needs an EIN to file Form 2553, Election by a Small Business Corporation ⁹	Complete lines 1-18 (as applicable).

¹ For example, a sole proprietorship or self-employed farmer who establishes a qualified retirement plan, or is required to file excise, employment, alcohol, tobacco, or firearms returns, must have an EIN. A partnership, corporation, REMIC (real estate mortgage investment conduit), nonprofit organization (church, club, etc.), or farmers' cooperative must use an EIN for any tax-related purpose even if the entity does not have employees.

² However, do not apply for a new EIN if the existing entity only (a) changed its business name, (b) elected on Form 8832 to change the way it is taxed (or is covered by the default rules), or (c) terminated its partnership status because at least 50% of the total interests in partnership capital and profits were sold or exchanged within a 12-month period. The EIN of the terminated partnership should continue to be used. See Regulations section 301.6109-1(d)(2)(iii).

³ Do not use the EIN of the prior business unless you became the "owner" of a corporation by acquiring its stock.

⁴ However, grantor trusts that do not file using Optional Method 1 and IRA trusts that are required to file Form 990-T, Exempt Organization Business Income Tax Return, must have an EIN. For more information on grantor trusts, see the Instructions for Form 1041.

⁵ A plan administrator is the person or group of persons specified as the administrator by the instrument under which the plan is operated.

⁶ Entities applying to be a Qualified Intermediary (QI) need a QI-EIN even if they already have an EIN. See Rev. Proc. 2000-12.

⁷ See also *Household employer* on page 4 of the instructions. **Note.** State or local agencies may need an EIN for other reasons, for example, hired employees.

⁸ See *Disregarded entities* on page 4 of the instructions for details on completing Form SS-4 for an LLC.

⁹ An existing corporation that is electing or revoking S corporation status should use its previously-assigned EIN.

**Withholding Certificate for
 Pension or Annuity Payments**

2012

Purpose. Form W-4P is for U.S. citizens, resident aliens, or their estates who are recipients of pensions, annuities (including commercial annuities), and certain other deferred compensation. Use Form W-4P to tell payers the correct amount of federal income tax to withhold from your payment(s). You also may use Form W-4P to choose (a) not to have any federal income tax withheld from the payment (except for eligible rollover distributions or payments to U.S. citizens delivered outside the United States or its possessions) or (b) to have an additional amount of tax withheld.

Your options depend on whether the payment is periodic, nonperiodic, or an eligible rollover distribution, as explained on pages 3 and 4. Your previously filed Form W-4P will remain in effect if you do not file a Form W-4P for 2012.

What do I need to do? Complete lines **A** through **G** of the **Personal Allowances Worksheet**. Use the additional worksheets on page 2 to further adjust your withholding allowances for itemized deductions, adjustments to income, any additional standard deduction, certain credits, or multiple pensions/more-than-one-income situations. If you do not want any federal income tax withheld (see *Purpose*, earlier), you can skip the worksheets and go directly to the Form W-4P below.

Sign this form. Form W-4P is not valid unless you sign it.

Future developments. The IRS has created a page on IRS.gov for information about Form W-4P and its instructions, at www.irs.gov/w4p. Information about any future developments affecting Form W-4P (such as legislation enacted after we release it) will be posted on that page.

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:
 { • You are single and have only one pension; or
 • You are married, have only one pension, and your spouse has no income subject to withholding; or
 • Your income from a second pension or a job or your spouse's pension or wages (or the total of all) is \$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 spouse who has income subject to withholding or more than one source of income subject to withholding. (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 **E** _____

F **Child Tax Credit** (including additional child tax credit). See Pub. 972, Child Tax Credit, for more information.
 • If your total income will be less than \$61,000 (\$90,000 if married), enter "2" for each eligible child; then **less** "1" if you have three to seven eligible children or **less** "2" if you have eight or more eligible children.
 • If your total income will be between \$61,000 and \$84,000 (\$90,000 and \$119,000 if married), enter "1" for each eligible child **F** _____

G Add lines A through F and enter total here. (**Note.** This may be different from the number of exemptions you claim on your tax return.) ► **G** _____

For accuracy, complete all worksheets that apply.
 { • 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 source of income subject to withholding** or are **married and you and your spouse both have income subject to withholding** and your combined income from all sources exceeds \$40,000 (\$10,000 if married), see the **Multiple Pensions/More-Than-One-Income 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 G on line 2 of Form W-4P below.

----- Separate here and give Form W-4P to the payer of your pension or annuity. Keep the top part for your records. -----

**Withholding Certificate for
 Pension or Annuity Payments**

2012

► For Privacy Act and Paperwork Reduction Act Notice, see page 4.

Your first name and middle initial	Last name	Your social security number
Home address (number and street or rural route)		Claim or identification number (if any) of your pension or annuity contract
City or town, state, and ZIP code		

Complete the following applicable lines.

1 Check here if you **do not want any** federal income tax withheld from your pension or annuity. (Do not complete line 2 or 3.) ►

2 Total number of allowances and marital status you are claiming for withholding from each **periodic** pension or annuity payment. (You also may designate an additional dollar amount on line 3.) ► _____

Marital status: Single Married Married, but withhold at higher Single rate (Enter number of allowances.)

3 Additional amount, if any, you want withheld from each pension or annuity payment. (**Note.** For periodic payments, you cannot enter an amount here without entering the number (including zero) of allowances on line 2.) ► \$ _____

Your signature ► _____

Date ► _____

Deductions and Adjustments Worksheet

Note. Use this worksheet *only* if you plan to itemize deductions or claim certain credits or adjustments to income.

1 Enter an estimate of your 2012 itemized deductions. These include qualifying home mortgage interest, charitable contributions, state and local taxes, medical expenses in excess of 7.5% of your income, and miscellaneous deductions	1		\$
2 Enter: { \$11,900 if married filing jointly or qualifying widow(er) \$8,700 if head of household \$5,950 if single or married filing separately }	2		\$
3 Subtract line 2 from line 1. If zero or less, enter "-0-"	3		\$
4 Enter an estimate of your 2012 adjustments to income and any additional standard deduction (see Pub. 505)	4		\$
5 Add lines 3 and 4 and enter the total. (Include any credit amounts from the <i>Converting Credits to Withholding Allowances for 2012 Form W-4</i> worksheet in Pub. 505.)	5		\$
6 Enter an estimate of your 2012 income not subject to withholding (such as dividends or interest)	6		\$
7 Subtract line 6 from line 5. If zero or less, enter "-0-"	7		\$
8 Divide the amount on line 7 by \$3,800 and enter the result here. Drop any fraction	8		
9 Enter the number from the Personal Allowances Worksheet , line G, page 1	9		
10 Add lines 8 and 9 and enter the total here. If you use the Multiple Pensions/More-Than-One-Income Worksheet , also enter this total on line 1 below. Otherwise, stop here and enter this total on Form W-4P, line 2, page 1	10		

Multiple Pensions/More-Than-One-Income Worksheet

Note. Complete *only* if the instructions under line G, page 1, direct you here. This applies if you (and your spouse if married filing jointly) have more than one source of income subject to withholding (such as more than one pension, or a pension and a job, or you have a pension and your spouse works).

1 Enter the number from line G, page 1 (or from line 10 above if you used the Deductions and Adjustments Worksheet)	1		
2 Find the number in Table 1 below that applies to the LOWEST paying pension or job and enter it here. However , if you are married filing jointly and the amount from the highest paying pension or job is \$65,000 or less, do not enter more than "3"	2		
3 If line 1 is more than or equal to line 2, subtract line 2 from line 1. Enter the result here (if zero, enter "-0-") and on Form W-4P, line 2, page 1. Do not use the rest of this worksheet	3		

Note. If line 1 is **less than** line 2, enter "-0-" on Form W-4P, line 2, page 1. Complete lines 4 through 9 below to figure the additional withholding amount necessary to avoid a year-end tax bill.

4 Enter the number from line 2 of this worksheet	4		
5 Enter the number from line 1 of this worksheet	5		
6 Subtract line 5 from line 4	6		
7 Find the amount in Table 2 below that applies to the HIGHEST paying pension or job and enter it here	7		\$
8 Multiply line 7 by line 6 and enter the result here. This is the additional annual withholding needed	8		\$
9 Divide line 8 by the number of pay periods remaining in 2012. For example, divide by 12 if you are paid every month and you complete this form in December 2011. Enter the result here and on Form W-4P, line 3, page 1. This is the additional amount to be withheld from each payment	9		\$

Table 1

Table 2

Married Filing Jointly		All Others		Married Filing Jointly		All Others	
If wages from LOWEST paying job or pension are—	Enter on line 2 above	If wages from LOWEST paying job or pension are—	Enter on line 2 above	If wages from HIGHEST paying job or pension are—	Enter on line 7 above	If wages from HIGHEST paying job or pension are—	Enter on line 7 above
\$0 - \$5,000	0	\$0 - \$8,000	0	\$0 - \$70,000	\$570	\$0 - \$35,000	\$570
5,001 - 12,000	1	8,001 - 15,000	1	70,001 - 125,000	950	35,001 - 90,000	950
12,001 - 22,000	2	15,001 - 25,000	2	125,001 - 190,000	1,060	90,001 - 170,000	1,060
22,001 - 25,000	3	25,001 - 30,000	3	190,001 - 340,000	1,250	170,001 - 375,000	1,250
25,001 - 30,000	4	30,001 - 40,000	4	340,001 and over	1,330	375,001 and over	1,330
30,001 - 40,000	5	40,001 - 50,000	5				
40,001 - 48,000	6	50,001 - 65,000	6				
48,001 - 55,000	7	65,001 - 80,000	7				
55,001 - 65,000	8	80,001 - 95,000	8				
65,001 - 72,000	9	95,001 - 120,000	9				
72,001 - 85,000	10	120,001 and over	10				
85,001 - 97,000	11						
97,001 - 110,000	12						
110,001 - 120,000	13						
120,001 - 135,000	14						
135,001 and over	15						

Additional Instructions

Section references are to the Internal Revenue Code.

When should I complete the form? Complete Form W-4P and give it to the payer as soon as possible. Get Pub. 505, Tax Withholding and Estimated Tax, to see how the dollar amount you are having withheld compares to your projected total federal income tax for 2012. You also may use the IRS Withholding Calculator at www.irs.gov/individuals for help in determining how many withholding allowances to claim on your Form W-4P.

Multiple pensions/more-than-one income. To figure the number of allowances that you may claim, combine allowances and income subject to withholding from all sources on one worksheet. You may file a Form W-4P with each pension payer, but do not claim the same allowances more than once. Your withholding usually will be most accurate when all allowances are claimed on the Form W-4P for the highest source of income subject to withholding and zero allowances are claimed on the others.

Other income. If you have a large amount of income from other sources not subject to withholding (such as interest, dividends, or capital gains), consider making estimated tax payments using Form 1040-ES, Estimated Tax for Individuals. Call 1-800-TAX-FORM (1-800-829-3676) to get Form 1040-ES and Pub. 505. You also can get forms and publications at www.irs.gov/formspubs.

If you have income from wages, see Pub. 505 to find out if you should adjust your withholding on Form W-4 or Form W-4P.

Note. Social security and railroad retirement payments may be includible in income. See Form W-4V, Voluntary Withholding Request, for information on voluntary withholding from these payments.

Withholding From Pensions and Annuities

Generally, federal income tax withholding applies to the taxable part of payments made from pension, profit-sharing, stock bonus, annuity, and certain deferred compensation plans; from individual retirement arrangements (IRAs); and from commercial annuities. The method and rate of withholding depend on (a) the kind of payment you receive; (b) whether the payments are delivered outside the United States or its commonwealths and possessions; and (c) whether the recipient is a nonresident alien individual, a nonresident alien beneficiary, or a foreign estate. Qualified distributions from a Roth IRA are nontaxable and, therefore, not subject to withholding. See page 4 for special withholding rules that apply to payments outside the United States and payments to foreign persons.

Because your tax situation may change from year to year, you may want to refigure your withholding each year. You can change the amount to be withheld by using lines 2 and 3 of Form W-4P.

Choosing not to have income tax withheld. You (or in the event of death, your beneficiary or estate) can choose not to have federal income tax withheld from your payments by using line 1 of Form W-4P. For an estate, the election to have no income tax withheld may be made by the executor or personal representative of the decedent. Enter the estate's employer identification number (EIN) in the area reserved for "Your social security number" on Form W-4P.

You may not make this choice for eligible rollover distributions. See *Eligible rollover distribution—20% withholding* on page 4.

Caution. There are penalties for not paying enough federal income tax during the year, either through withholding or estimated tax payments. New retirees, especially, should see Pub. 505. It explains your estimated tax requirements and describes penalties in detail. You may be able to avoid quarterly estimated tax payments by having enough tax withheld from your pension or annuity using Form W-4P.

Periodic payments. Withholding from periodic payments of a pension or annuity is figured in the same manner as withholding from wages. Periodic payments are made in installments at regular intervals over a period of more than 1 year. They may be paid annually, quarterly, monthly, etc.

If you want federal income tax to be withheld, you must designate the number of withholding allowances on line 2 of Form W-4P and indicate your marital status by checking the appropriate box. Under current law, you cannot designate a specific dollar amount to be withheld. However, you can designate an additional amount to be withheld on line 3.

If you do not want any federal income tax withheld from your periodic payments, check the box on line 1 of Form W-4P and submit the form to your payer. However, see *Payments to Foreign Persons and Payments Outside the United States* on page 4.

Caution. If you do not submit Form W-4P to your payer, the payer must withhold on periodic payments as if you are married claiming three withholding allowances. Generally, this means that tax will be withheld if your pension or annuity is at least \$1,640 a month.

If you submit a Form W-4P that does not contain your correct social security number (SSN), the payer must withhold as if you are single claiming zero withholding allowances even if you checked the box on line 1 to have no federal income tax withheld.

There are some kinds of periodic payments for which you cannot use Form W-4P because they are already defined as wages subject to federal income tax withholding. These payments include retirement pay for service in the U.S. Armed Forces and payments from certain nonqualified deferred compensation plans and deferred compensation plans described in section 457 of tax-exempt organizations. Your payer should be able to tell you whether Form W-4P applies.

For periodic payments, your Form W-4P stays in effect until you change or revoke it. Your payer must notify you each year of your right to choose not to have federal income tax withheld (if permitted) or to change your choice.

Nonperiodic payments—10% withholding. Your payer must withhold at a flat 10% rate from nonperiodic payments (but see *Eligible rollover distribution—20% withholding* on page 4) unless you choose not to have federal income tax withheld. Distributions from an IRA that are payable on demand are treated as nonperiodic payments. You can choose not to have federal income tax withheld from a nonperiodic payment (if permitted) by submitting Form W-4P (containing your correct SSN) to your payer and checking the box on line 1. Generally, your choice not to have federal income tax withheld will apply to any later payment from the same plan. You cannot use line 2 for nonperiodic payments. But you may use line 3 to specify an additional amount that you want withheld.

Caution. If you submit a Form W-4P that does not contain your correct SSN, the payer cannot honor your request not to have income tax withheld and must withhold 10% of the payment for federal income tax.

Eligible rollover distribution—20% withholding. Distributions you receive from qualified pension or annuity plans (for example, 401(k) pension plans and section 457(b) plans maintained by a governmental employer) or tax-sheltered annuities that are eligible to be rolled over tax free to an IRA or qualified plan are subject to a flat 20% federal withholding rate. The 20% withholding rate is required, and you cannot choose not to have income tax withheld from eligible rollover distributions. Do not give Form W-4P to your payer unless you want an additional amount withheld. Then, complete line 3 of Form W-4P and submit the form to your payer.

Note. The payer will not withhold federal income tax if the entire distribution is transferred by the plan administrator in a direct rollover to a traditional IRA or another eligible retirement plan (if allowed by the plan), such as a qualified pension plan, governmental section 457(b) plan, section 403(b) contract, or tax-sheltered annuity.

Distributions that are (a) required by law, (b) one of a specified series of equal payments, or (c) qualifying "hardship" distributions are **not** "eligible rollover distributions" and are not subject to the mandatory 20% federal income tax withholding. See Pub. 505 for details. See also *Nonperiodic payments—10% withholding* on page 3.

Changing Your "No Withholding" Choice

Periodic payments. If you previously chose not to have federal income tax withheld and you now want withholding, complete another Form W-4P and submit it to your payer. If you want federal income tax withheld at the rate set by law (married with three allowances), write "Revoked" next to the checkbox on line 1 of the form. If you want tax withheld at any different rate, complete line 2 on the form.

Nonperiodic payments. If you previously chose not to have federal income tax withheld and you now want withholding, write "Revoked" next to the checkbox on line 1 and submit Form W-4P to your payer.

Payments to Foreign Persons and Payments Outside the United States

Unless you are a nonresident alien, withholding (in the manner described above) is required on any periodic or nonperiodic payments that are delivered to you outside the United States or its possessions. You cannot choose not to have federal income tax withheld on line 1 of Form W-4P. See Pub. 505 for details.

In the absence of a tax treaty exemption, nonresident aliens, nonresident alien beneficiaries, and foreign estates generally are subject to a 30% federal withholding tax under section 1441 on the taxable portion of a periodic or nonperiodic pension or annuity payment that is from U.S. sources. However, most tax treaties provide that private pensions and annuities are exempt from withholding and tax. Also, payments from certain pension plans are exempt from withholding even if no tax treaty applies. See Pub. 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities*, and Pub. 519, *U.S. Tax Guide for Aliens*, for details. A foreign person should submit Form W-8BEN, *Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding*, to the payer before receiving any payments. The Form W-8BEN must contain the foreign person's taxpayer identification number (TIN).

Statement of Federal Income Tax Withheld From Your Pension or Annuity

By January 31 of next year, your payer will furnish a statement to you on Form 1099-R, *Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.*, showing the total amount of your pension or annuity payments and the total federal income tax withheld during the year. If you are a foreign person who has provided your payer with Form W-8BEN, your payer instead will furnish a statement to you on Form 1042-S, *Foreign Person's U.S. Source Income Subject to Withholding*, by March 15 of next year.

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 required to provide this information only if you want to (a) request federal income tax withholding from periodic pension or annuity payments based on your withholding allowances and marital status, (b) request additional federal income tax withholding from your pension or annuity, (c) choose not to have federal income tax withheld, when permitted, or (d) change or revoke a previous Form W-4P. To do any of the aforementioned, you are required by sections 3405(e) and 6109 and their regulations to provide the information requested on this form. Failure to provide this information may result in inaccurate withholding on your payment(s). Providing false or fraudulent information may subject you to penalties.

Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, and to 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.

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 average time and expenses required to complete and file this form will vary depending on individual circumstances. For estimated averages, see the instructions for your income tax return.

If you have suggestions for making this form simpler, we would be happy to hear from you. See the instructions for your income tax return.

Request for Taxpayer Identification Number and Certification

**Give Form to the
 requester. Do not
 send to the IRS.**

Print or type See Specific Instructions on page 2.	Name (as shown on your income tax return)	
	Business name/disregarded entity name, if different from above	
	Check appropriate box for federal tax classification: <input type="checkbox"/> Individual/sole proprietor <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶ _____ <input type="checkbox"/> Other (see instructions) ▶ _____	
	<input type="checkbox"/> Exempt payee	
	Address (number, street, and apt. or suite no.)	Requester's name and address (optional)
City, state, and ZIP code		
List account number(s) here (optional)		

Part I Taxpayer Identification Number (TIN)																																																							
Enter your TIN in the appropriate box. The TIN provided must match the name given on the "Name" line to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see <i>How to get a TIN</i> on page 3.																																																							
Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.	<table border="1" style="margin: 0 auto;"> <tr><td colspan="9" style="text-align: center;">Social security number</td></tr> <tr> <td style="width: 20px; height: 20px;"> </td> <td style="width: 20px; height: 20px;"> </td> <td style="width: 20px; height: 20px;"> </td> <td style="width: 20px; height: 20px;"> </td> <td style="width: 20px; height: 20px;"> </td> <td style="width: 20px; height: 20px;"> </td> <td style="width: 20px; height: 20px;"> </td> <td style="width: 20px; height: 20px;"> </td> <td style="width: 20px; height: 20px;"> </td> </tr> <tr> <td colspan="3" style="text-align: center;">-</td> <td colspan="3" style="text-align: center;">-</td> <td colspan="3"></td> </tr> </table> <table border="1" style="margin: 0 auto;"> <tr><td colspan="9" style="text-align: center;">Employer identification number</td></tr> <tr> <td style="width: 20px; height: 20px;"> </td> <td style="width: 20px; height: 20px;"> </td> <td style="width: 20px; height: 20px;"> </td> <td style="width: 20px; height: 20px;"> </td> <td style="width: 20px; height: 20px;"> </td> <td style="width: 20px; height: 20px;"> </td> <td style="width: 20px; height: 20px;"> </td> <td style="width: 20px; height: 20px;"> </td> <td style="width: 20px; height: 20px;"> </td> </tr> <tr> <td colspan="3" style="text-align: center;">-</td> <td colspan="6"></td> </tr> </table>	Social security number																		-			-						Employer identification number																		-								
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Part II Certification	
Under penalties of perjury, I certify that:	
1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and 2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and 3. I am a U.S. citizen or other U.S. person (defined below).	
Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 4.	

Sign Here	Signature of U.S. person ▶	Date ▶
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General Instructions
 Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form
 A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

Note. If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

The person who gives Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States is in the following cases:

- The U.S. owner of a disregarded entity and not the entity,
- The U.S. grantor or other owner of a grantor trust and not the trust, and
- The U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

Foreign person. If you are a foreign person, do not use Form W-9. Instead, use the appropriate Form W-8 (see Publication 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities*).

Nonresident 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 payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

Example. Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity not subject to backup withholding, give the requester the appropriate completed Form W-8.

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS a percentage of such payments. This is called "backup withholding." Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester,
2. You do not certify your TIN when required (see the Part II instructions on page 3 for details),
3. The IRS tells the requester that you furnished an incorrect TIN,
4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See the instructions below and the separate instructions for the Requester of Form W-9.

Also see *Special rules for partnerships* on page 1.

Updating Your Information

You must provide updated information to any person to whom you claimed to be an exempt payee if you are no longer an exempt payee and anticipate receiving reportable payments in the future from this person. For example, you may need to provide updated information if you are a C corporation that elects to be an S corporation, or if you no longer are tax exempt. In addition, you must furnish a new Form W-9 if the name or TIN changes for the account, for example, if the grantor of a grantor trust dies.

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

Criminal penalty for falsifying information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

Specific Instructions

Name

If you are an individual, you must generally enter the name shown on your income tax return. However, if you have changed your last name, for instance, due to marriage without informing the Social Security Administration of the name change, enter your first name, the last name shown on your social security card, and your new last name.

If the account is in joint names, list first, and then circle, the name of the person or entity whose number you entered in Part I of the form.

Sole proprietor. Enter your individual name as shown on your income tax return on the "Name" line. You may enter your business, trade, or "doing business as (DBA)" name on the "Business name/disregarded entity name" line.

Partnership, C Corporation, or S Corporation. Enter the entity's name on the "Name" line and any business, trade, or "doing business as (DBA) name" on the "Business name/disregarded entity name" line.

Disregarded entity. Enter the owner's name on the "Name" line. The name of the entity entered on the "Name" line should never be a disregarded entity. The name on the "Name" line must be the name shown on the income tax return on which the income will be reported. For example, if a foreign LLC that is treated as a disregarded entity for U.S. federal tax purposes has a domestic owner, the domestic owner's name is required to be provided on the "Name" line. If the direct owner of the entity is also a disregarded entity, enter the first owner that is not disregarded for federal tax purposes. Enter the disregarded entity's name on the "Business name/disregarded entity name" line. If the owner of the disregarded entity is a foreign person, you must complete an appropriate Form W-8.

Note. Check the appropriate box for the federal tax classification of the person whose name is entered on the "Name" line (Individual/sole proprietor, Partnership, C Corporation, S Corporation, Trust/estate).

Limited Liability Company (LLC). If the person identified on the "Name" line is an LLC, check the "Limited liability company" box only and enter the appropriate code for the tax classification in the space provided. If you are an LLC that is treated as a partnership for federal tax purposes, enter "P" for partnership. If you are an LLC that has filed a Form 8832 or a Form 2553 to be taxed as a corporation, enter "C" for C corporation or "S" for S corporation. If you are an LLC that is disregarded as an entity separate from its owner under Regulation section 301.7701-3 (except for employment and excise tax), do not check the LLC box unless the owner of the LLC (required to be identified on the "Name" line) is another LLC that is not disregarded for federal tax purposes. If the LLC is disregarded as an entity separate from its owner, enter the appropriate tax classification of the owner identified on the "Name" line.

Other entities. Enter your business name as shown on required federal tax documents on the "Name" line. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on the "Business name/disregarded entity name" line.

Exempt Payee

If you are exempt from backup withholding, enter your name as described above and check the appropriate box for your status, then check the "Exempt payee" box in the line following the "Business name/disregarded entity name," sign and date the form.

Generally, individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends.

Note. If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding.

The following payees are exempt from backup withholding:

1. An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2),
 2. The United States or any of its agencies or instrumentalities,
 3. A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities,
 4. A foreign government or any of its political subdivisions, agencies, or instrumentalities, or
 5. An international organization or any of its agencies or instrumentalities.
- Other payees that may be exempt from backup withholding include:
6. A corporation,
 7. A foreign central bank of issue,
 8. A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States,
 9. A futures commission merchant registered with the Commodity Futures Trading Commission,
 10. A real estate investment trust,
 11. An entity registered at all times during the tax year under the Investment Company Act of 1940,
 12. A common trust fund operated by a bank under section 584(a),
 13. A financial institution,
 14. A middleman known in the investment community as a nominee or custodian, or
 15. A trust exempt from tax under section 664 or described in section 4947.

The following chart shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 15.

IF the payment is for . . .	THEN the payment is exempt for . . .
Interest and dividend payments	All exempt payees except for 9
Broker transactions	Exempt payees 1 through 5 and 7 through 13. Also, C corporations.
Barter exchange transactions and patronage dividends	Exempt payees 1 through 5
Payments over \$600 required to be reported and direct sales over \$5,000 ¹	Generally, exempt payees 1 through 7 ²

¹ See Form 1099-MISC, Miscellaneous Income, and its instructions.

² However, the following payments made to a corporation and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, gross proceeds paid to an attorney, and payments for services paid by a federal executive agency.

Part I. Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are a single-member LLC that is disregarded as an entity separate from its owner (see *Limited Liability Company (LLC)* on page 2), enter the owner's SSN (or EIN, if the owner has one). Do not enter the disregarded entity's EIN. If the LLC is classified as a corporation or partnership, enter the entity's EIN.

Note. See the chart on page 4 for further clarification of name and TIN combinations.

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local Social Security Administration office or get this form online at www.ssa.gov. You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at www.irs.gov/businesses and clicking on Employer Identification Number (EIN) under Starting a Business. You can get Forms W-7 and SS-4 from the IRS by visiting IRS.gov or by calling 1-800-TAX-FORM (1-800-829-3676).

If you are asked to complete Form W-9 but do not have a TIN, write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

Note. Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

Caution: A disregarded domestic entity that has a foreign owner must use the appropriate Form W-8.

Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if item 1, below, and items 4 and 5 on page 4 indicate otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). In the case of a disregarded entity, the person identified on the "Name" line must sign. Exempt payees, see *Exempt Payee* on page 3.

Signature requirements. Complete the certification as indicated in items 1 through 3, below, and items 4 and 5 on page 4.

1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983. You must give your correct TIN, but you do not have to sign the certification.

2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983. You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real estate transactions. You must sign the certification. You may cross out item 2 of the certification.

4. Other payments. You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions. You must give your correct TIN, but you do not have to sign the certification.

Note. If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

Secure Your Tax Records from Identity Theft

Identity theft occurs when someone uses your personal information such as your name, social security number (SSN), or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

If your tax records are affected by identity theft and you receive a notice from the IRS, respond right away to the name and phone number printed on the IRS notice or letter.

If your tax records are not currently affected by identity theft but you think you are at risk due to a lost or stolen purse or wallet, questionable credit card activity or credit report, contact the IRS Identity Theft Hotline at 1-800-908-4490 or submit Form 14039.

For more information, see Publication 4535, Identity Theft Prevention and Victim Assistance.

Victims of identity theft who are experiencing economic harm or a system problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

Protect yourself from suspicious emails or phishing schemes.

Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to phishing@irs.gov. You may also report misuse of the IRS name, logo, or other IRS property to the Treasury Inspector General for Tax Administration at 1-800-366-4484. You can forward suspicious emails to the Federal Trade Commission at: spam@uce.gov or contact them at www.ftc.gov/idtheft or 1-877-IDTHEFT (1-877-438-4338).

Visit IRS.gov to learn more about identity theft and how to reduce your risk.

What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account ¹
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor ²
4. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee ³
b. So-called trust account that is not a legal or valid trust under state law	The actual owner ¹
5. Sole proprietorship or disregarded entity owned by an individual	The owner ³
6. Grantor trust filing under Optional Form 1099 Filing Method 1 (see Regulation section 1.671-4(b)(2)(i)(A))	The grantor [*]
For this type of account:	Give name and EIN of:
7. Disregarded entity not owned by an individual	The owner
8. A valid trust, estate, or pension trust	Legal entity ⁴
9. Corporation or LLC electing corporate status on Form 8832 or Form 2553	The corporation
10. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
11. Partnership or multi-member LLC	The partnership
12. A broker or registered nominee	The broker or nominee
13. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity
14. Grantor trust filing under the Form 1041 Filing Method or the Optional Form 1099 Filing Method 2 (see Regulation section 1.671-4(b)(2)(i)(B))	The trust

¹ List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

² Circle the minor's name and furnish the minor's SSN.

³ You must show your individual name and you may also enter your business or "DBA" name on the "Business name/disregarded entity" name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

⁴ List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see *Special rules for partnerships* on page 1.

*Note. Grantor also must provide a Form W-9 to trustee of trust.

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons (including federal agencies) who are required to file information returns with the IRS to report interest, dividends, or certain other income paid to you; mortgage interest you paid; the acquisition or abandonment of secured property; the cancellation of debt; or contributions you made to an IRA, Archer MSA, or HSA. The person collecting this form uses the information on the form to file information returns with the IRS, reporting the above information. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation and to cities, states, the District of Columbia, and U.S. possessions for use in administering their laws. The information also may be disclosed to other countries under a treaty, to federal and state agencies to enforce civil and criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. You must provide your TIN whether or not you are required to file a tax return. Under section 3406, payers must generally withhold a percentage of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to the payer. Certain penalties may also apply for providing false or fraudulent information.

Instructions for the Requester of Form W-9

(Rev. January 2011)

Request for Taxpayer Identification Number and Certification



Department of the Treasury
Internal Revenue Service

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

What's New

New checkboxes. Generally, for any sale of a covered security acquired by an S corporation (other than a financial institution) after December 31, 2011, brokers will be required to report gross proceeds and basis information to S corporations and may not treat them as exempt recipients. New tax classification checkboxes have been added for S corporation and Trust/estate. The Form W-9 is revised to allow S corporations sufficient time to provide new certifications to brokers indicating their non-exempt status. Also, disregarded entity was removed as a tax classification for limited liability companies.

Reminders

- The backup withholding rate is 28% for reportable payments.
- The IRS website offers TIN Matching e-services for certain payers to validate name and TIN combinations. See *Taxpayer Identification Number (TIN) Matching* on page 4.

How Do I Know When To Use Form W-9?

Use Form W-9 to request the taxpayer identification number (TIN) of a U.S. person (including a resident alien) and to request certain certifications and claims for exemption. (See *Purpose of Form* on Form W-9.) Withholding agents may require signed Forms W-9 from U.S. exempt recipients to overcome any presumptions of foreign status. For federal purposes, a U.S. person includes but is not limited to:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- Any estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

A partnership may require a signed Form W-9 from its U.S. partners to overcome any presumptions of foreign status and to avoid withholding on the partner's allocable share of the partnership's effectively connected income. For more information, see Regulations section 1.1446-1.

Advise foreign persons to use the appropriate Form W-8. See Pub. 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities*, for more information and a list of the W-8 forms.

Also, a nonresident alien individual may, under certain circumstances, claim treaty benefits on scholarships and fellowship grant income. See Pub. 515 or Pub. 519, U.S. Tax Guide for Aliens, for more information.

Electronic Submission of Forms W-9

Requesters may establish a system for payees and payees' agents to submit Forms W-9 electronically, including by fax. A requester is anyone required to file an information return. A payee is anyone required to provide a taxpayer identification number (TIN) to the requester.

Payee's agent. A payee's agent can be an investment advisor (corporation, partnership, or individual) or an introducing broker. An investment advisor must be registered with the Securities and Exchange Commission (SEC) under the Investment Advisers Act of 1940. The introducing broker is a broker-dealer that is regulated by the SEC and the National Association of Securities Dealers, Inc., and that is not a payer. Except for a broker who acts as a payee's agent for "readily tradable instruments," the advisor or broker must show in writing to the payer that the payee authorized the advisor or broker to transmit the Form W-9 to the payer.

Electronic system. Generally, the electronic system must:

- Ensure the information received is the information sent, and document all occasions of user access that result in the submission;
- Make reasonably certain that the person accessing the system and submitting the form is the person identified on Form W-9, the investment advisor, or the introducing broker;
- Provide the same information as the paper Form W-9;
- Be able to supply a hard copy of the electronic Form W-9 if the Internal Revenue Service requests it; and
- Require as the final entry in the submission an electronic signature by the payee whose name is on Form W-9 that authenticates and verifies the submission. The electronic signature must be under penalties of perjury and the perjury statement must contain the language of the paper Form W-9.



TIP For Forms W-9 that are not required to be signed, the electronic system need not provide for an electronic signature or a perjury statement.

For more details, see the following.

- Announcement 98-27, which is on page 30 of Internal Revenue Bulletin 1998-15 at www.irs.gov/pub/irs-irbs/irb98-15.pdf.
- Announcement 2001-91, which is on page 221 of Internal Revenue Bulletin 2001-36 at www.irs.gov/pub/irs-irbs/irb01-36.pdf.

Individual Taxpayer Identification Number (ITIN)

Form W-9 (or an acceptable substitute) is used by persons required to file information returns with the IRS to get the payee's (or other person's) correct name and TIN. For individuals, the TIN is generally a social security number (SSN).

However, in some cases, individuals who become U.S. resident aliens for tax purposes are not eligible to obtain an SSN. This includes certain resident aliens who must receive information returns but who cannot obtain an SSN.

These individuals must apply for an ITIN on Form W-7, Application for IRS Individual Taxpayer Identification Number, unless they have an application pending for an SSN. Individuals who have an ITIN must provide it on Form W-9.

Substitute Form W-9

You may develop and use your own Form W-9 (a substitute Form W-9) if its content is substantially similar to the official IRS Form W-9 and it satisfies certain certification requirements.

You may incorporate a substitute Form W-9 into other business forms you customarily use, such as account signature cards. However, the certifications on the substitute Form W-9 must clearly state (as shown on the official Form W-9) that under penalties of perjury:

1. The payee's TIN is correct,
2. The payee is not subject to backup withholding due to failure to report interest and dividend income, and
3. The payee is a U.S. person.

You may not:

1. Use a substitute Form W-9 that requires the payee, by signing, to agree to provisions unrelated to the required certifications, or
2. Imply that a payee may be subject to backup withholding unless the payee agrees to provisions on the substitute form that are unrelated to the required certifications.

A substitute Form W-9 that contains a separate signature line just for the certifications satisfies the requirement that the certifications be clearly stated.

If a single signature line is used for the required certifications and other provisions, the certifications must be highlighted, boxed, printed in bold-face type, or presented in some other manner that causes the language to stand out from all other information contained on the substitute form. Additionally, the following statement must be presented to stand out in the same manner as described above and must appear immediately above the single signature line:

"The Internal Revenue Service does not require your consent to any provision of this document other than the certifications required to avoid backup withholding."

If you use a substitute form, you are required to provide the Form W-9 instructions to the payee only if he or she requests them. However, if the IRS has notified the payee that backup withholding applies, then you must instruct the payee to strike out the language in the certification that relates to underreporting. This instruction can be given orally or in writing. See item 2 of the *Certification* on Form W-9. You can replace "defined

below" with "defined in the instructions" in item 3 of the *Certification* on Form W-9 when the instructions will not be provided to the payee except upon request. For more information, see Rev. Proc. 83-89, 1983-2 C.B. 613; amplified by Rev. Proc. 96-26, which is on page 22 of Internal Revenue Bulletin 1996-8 at www.irs.gov/pub/irs-irbs/irb96-08.pdf.

TIN Applied for

For interest and dividend payments and certain payments with respect to readily tradable instruments, the payee may return a properly completed, signed Form W-9 to you with "Applied For" written in Part I. This is an "awaiting-TIN" certificate. The payee has 60 calendar days, from the date you receive this certificate, to provide a TIN. If you do not receive the payee's TIN at that time, you must begin backup withholding on payments.

Reserve rule. You must backup withhold on any reportable payments made during the 60-day period if a payee withdraws more than \$500 at one time, unless the payee reserves an amount equal to the current year's backup withholding rate on all reportable payments made to the account.

Alternative rule. You may also elect to backup withhold during this 60-day period, after a 7-day grace period, under one of the two alternative rules discussed below.

Option 1. Backup withhold on any reportable payments if the payee makes a withdrawal from the account after the close of 7 business days after you receive the awaiting-TIN certificate. Treat as reportable payments all cash withdrawals in an amount up to the reportable payments made from the day after you receive the awaiting-TIN certificate to the day of withdrawal.

Option 2. Backup withhold on any reportable payments made to the payee's account, regardless of whether the payee makes any withdrawals, beginning no later than 7 business days after you receive the awaiting-TIN certificate.



The 60-day exemption from backup withholding does not apply to any payment other than interest, dividends, and certain payments relating to readily tradable instruments. Any other reportable payment, such as nonemployee compensation, is subject to backup withholding immediately, even if the payee has applied for and is awaiting a TIN.

Even if the payee gives you an awaiting-TIN certificate, you must backup withhold on reportable interest and dividend payments if the payee does not certify, under penalties of perjury, that the payee is not subject to backup withholding.

If you do not collect backup withholding from affected payees as required, you may become liable for any uncollected amount.

Payees Exempt From Backup Withholding

Even if the payee does not provide a TIN in the manner required, you are not required to backup withhold on any payments you make if the payee is:

1. An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2);

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2. The United States or any of its agencies or instrumentalities;

3. A state, the District of Columbia, a possession of the United States, or any of their political subdivisions, agencies, or instrumentalities;

4. A foreign government or any of its political subdivisions, agencies, or instrumentalities; or

5. An international organization or any of its agencies or instrumentalities.

Other payees that may be exempt from backup withholding include:

6. A corporation;

7. A foreign central bank of issue;

8. A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States;

9. A futures commission merchant registered with the Commodity Futures Trading Commission;

10. A real estate investment trust;

11. An entity registered at all times during the tax year under the Investment Company Act of 1940;

12. A common trust fund operated by a bank under section 584(a);

13. A financial institution;

14. A middleman known in the investment community as a nominee or custodian; or

15. A trust exempt from tax under section 664 or described in section 4947.

The following types of payments are exempt from backup withholding as indicated for items 1 through 15 above.

Interest and dividend payments. All listed payees are exempt except the payee in item 9.

Broker transactions. All payees listed in items 1 through 5 and 7 through 13 are exempt. Also, C corporations are exempt. A person registered under the Investment Advisers Act of 1940 who regularly acts as a broker is also exempt.

Barter exchange transactions and patronage dividends. Only payees listed in items 1 through 5 are exempt.

Payments reportable under sections 6041 and 6041A. Only payees listed in items 1 through 7 are generally exempt.

However, the following payments made to a corporation (including gross proceeds paid to an attorney under section 6045(f), even if the attorney is a corporation) and reportable on Form 1099-MISC, Miscellaneous Income, are not exempt from backup withholding.

- Medical and health care payments.
- Attorneys' fees.
- Payments for services paid by a federal executive agency. (See Rev. Rul. 2003-66, which is on page 1115 of Internal Revenue Bulletin 2003-26 at www.irs.gov/pub/irs-irbs/irb03-26.pdf.)

Payments Exempt From Backup Withholding

Payments that are not subject to information reporting also are not subject to backup withholding. For details, see sections 6041, 6041A, 6042, 6044, 6045, 6049, 6050A, and 6050N, and their regulations. The following payments are generally exempt from backup withholding.

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Dividends and patronage dividends

- Payments to nonresident aliens subject to withholding under section 1441.
- Payments to partnerships not engaged in a trade or business in the United States and that have at least one nonresident alien partner.
- Payments of patronage dividends not paid in money.
- Payments made by certain foreign organizations.
- Section 404(k) distributions made by an ESOP.

Interest payments

- Payments of interest on obligations issued by individuals. However, if you pay \$600 or more of interest in the course of your trade or business to a payee, you must report the payment. Backup withholding applies to the reportable payment if the payee has not provided a TIN or has provided an incorrect TIN.
- Payments described in section 6049(b)(5) to nonresident aliens.
- Payments on tax-free covenant bonds under section 1451.
- Payments made by certain foreign organizations.
- Mortgage or student loan interest paid to you.

Other types of payment

- Wages.
- Distributions from a pension, annuity, profit-sharing or stock bonus plan, any IRA, an owner-employee plan, or other deferred compensation plan.
- Distributions from a medical or health savings account and long-term care benefits.
- Certain surrenders of life insurance contracts.
- Distribution from qualified tuition programs or Coverdell ESAs.
- Gambling winnings if regular gambling winnings withholding is required under section 3402(q). However, if regular gambling winnings withholding is not required under section 3402(q), backup withholding applies if the payee fails to furnish a TIN.
- Real estate transactions reportable under section 6045(e).
- Cancelled debts reportable under section 6050P.
- Fish purchases for cash reportable under section 6050R.



After 2011, backup withholding will apply to certain payment card transactions by a qualified payment card agent under section 6050W.

Joint Foreign Payees

If the first payee listed on an account gives you a Form W-8 or a similar statement signed under penalties of perjury, backup withholding applies unless:

1. Every joint payee provides the statement regarding foreign status, or
2. Any one of the joint payees who has not established foreign status gives you a TIN.

If any one of the joint payees who has not established foreign status gives you a TIN, use that number for purposes of backup withholding and information reporting.

For more information on foreign payees, see the Instructions for the Requester of Forms W-8BEN, W-8ECI, W-8EXP, and W-8IMY.

Names and TINs To Use for Information Reporting

Show the full name and address as provided on Form W-9 on the information return filed with the IRS and on the copy furnished to the payee. If you made payments to more than one payee or the account is in more than one name, enter on the first name line of the information return only the name of the payee whose TIN is shown on Form W-9. You may show the names of any other individual payees in the area below the first name line on the information return.



For more information on the names and TINs to use for information reporting, see section J of the General Instructions for Certain Information Returns.

Notices From the IRS

The IRS will send you a notice if the payee's name and TIN on the information return you filed do not match the IRS's records. (See *Taxpayer Identification Number (TIN) Matching*, later.) You may have to send a "B" notice to

the payee to solicit another TIN. Pub. 1281, Backup Withholding for Missing and Incorrect Name/TIN(s), contains copies of the two types of "B" notices.

Taxpayer Identification Number (TIN) Matching

TIN Matching allows a payer or authorized agent who is required to file Forms 1099-B, DIV, INT, K, MISC, OID, and/or PATR to match TIN and name combinations with IRS records before submitting the forms to the IRS. TIN Matching is one of the e-services products that is offered and is accessible through the IRS website. Go to IRS.gov and enter e-services in the search box. It is anticipated that payers who validate the TIN and name combinations before filing information returns will receive fewer backup withholding (CP2100) notices and penalty notices.

Additional Information

For more information on backup withholding, see Pub. 1281.