

U.S.A. Taxes for Foreign Artists - Individuals...the basics

30% Withholding at the Source
U.S. presenters are required to withhold 30% of gross fees unless there an exemption from withholding.
There are four options to address tax withholding.

In addition to the withholding at the source, all individual(s) are required to have or obtain a taxpayer identification number (either a SSN or ITIN) and to file tax returns for years in which they earn U.S. income.

Option 1
Obtain a Central Withholding Agreement (CWA)

Apply to the Internal Revenue Service (IRS) at least 45 days before first US engagement.
If applicable must be current, or get current, with US Tax returns – if you cannot you must use Option 2.

Option 2
Accept the 30% withholding

Option 3
Full Tax Treaty Exemption
** see note below **

Submit IRS Form 8233 to payer. Must have valid SSN or ITIN to claim exemption – if not must use Option 2.

Option 4
Employer / Employee Relationship

Standard employee withholding applies (generally 10% to 35%)

Applying for a Taxpayer Identification Number (SSN or ITIN)
A taxpayer identification number is needed for all related IRS withholding and taxation forms. While in the U.S. apply for a Social Security Number (SSN). If you are rejected for a SSN you must submit Form W-7 to request an Individual Taxpayer Identification Number (ITIN) with tax return.

Filing a Yearly Tax Return
At year end file U.S. tax return

Options 1 & 2
IRS Form 1040NR to report U.S. income and either Schedule C to deduct expenses or IRS Form 8833 if claiming a treaty based tax return exemption

Option 3
IRS Form 1040NR and Form 8233 to report U.S. income and claim full tax treaty exemption.

Option 4
There must be a tax treaty with the foreign country.
If so the employee files Form 1040NR and Form 8833 to claim the tax treaty.

*** Note ***
Option 3 exemption is currently limited to artists from the following countries:
Armenia, Azerbaijan, Belarus, Georgia, Hungary, Kazakhstan, Kyrgyzstan, Moldova, Poland, Russia, Tajikistan, Turkmenistan, and Uzbekistan