

What is a Foreign Vendor

- Individual/Business/Government that are outside the US
 - There are exceptions to presence outside US
 - Students here on specific visas
 - Businesses who maintain US Offices
 - They may have a US Address, but they are still considered a foreign vendor.
- Where are the corporate headquarters?
- When the individual is done with school/training where will they return?

What is a Foreign Vendor

- Individual/Business/Government that are US Territories and not considered Foreign Vendors
 - US Virgin Islands
 - Puerto Rico
 - US Samoa
 - Guam

Why are they Different?

- IRS Documentation requirements are different.
 - SFMS uses e-verify on every domestic vendor to generate a match for name/us issued number SSN/FEI as well as Individual/Business
 - W9's are requested for certain entities and are automatically requested out of RStars
 - SFMS can use IRS Website to verify not-for-profit entity

Why are they Different?

- IRS Doc requirements (cont)
 - Domestic Vendors are issued 1099MISC if the 52 Screen 1099 IND=Y COBJ (D10) is reportable and \$>600.00
- For Domestic Vendors income is assumed to be generated from inside the US.

Why are they Different?

- Foreign Vendor Documentation
 - W8: can expire –vs- W9: once verified is assumed to be good for the life of the entity or individual.
 - IRS has only one W9 form, but allows modifications as long as all of the required elements are present on the modified form.
 - IRS has multiple W8 forms depending on business type for the Foreign Vendor and does not allow businesses to modify these forms
 - B/W for Foreign Vendors = 30%
 - B/W for Domestic Vendors = 24%
 - Eligible Foreign Vendors receive a 1042S

W8's – Why so Many?

Question – How many types W8 forms are there?

- a. 1 – Just like W9
- b. 2 – Possible
- c. 3 – More likely
- d. 4 – This is too many
- e. 5 – Why!!!!



W8's – Why so Many?

- 5 Forms! All are directed at different types of entities.
 - W8-BEN : For Individuals Only
 - W8-BENE: Businesses & Non-Profit
 - W8-ECI: Businesses with a presence in the US
 - W8-IMY: Foreign Intermediary/Foreign Flow-Through
 - W8-EXP: Foreign Government/Universities