

Withholding on nonresident aliens. In general, if you pay wages to nonresident aliens, you must withhold federal income tax, social security, and Medicare taxes as you would for a U.S. citizen. However, see Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities, for exceptions to these general rules.

Form W-4. When completing Form W-4, nonresident aliens are required to:

- Not claim exemption from income tax withholding,
- Request withholding as if they are single, regardless of their actual marital status,
- Claim only one allowance (if the nonresident alien is a resident of Canada, Mexico, Japan, or South Korea, he or she may claim more than one allowance), and
- Request an additional income tax withholding amount, depending on the payroll period, as follows:

| <u>Payroll Period</u> | <u>Additional Withholding</u> |
|---|-------------------------------|
| Weekly | 7.60 |
| Biweekly | 15.30 |
| Semimonthly | 16.60 |
| Monthly | 33.10 |
| Quarterly | 99.40 |
| Semiannually | 198.80 |
| Annually | 397.50 |
| Daily or Miscellaneous (each day of the payroll period) | 1.50 |

Note. Nonresident alien students from India are not subject to the additional income tax withholding requirement.

Form 8233. If a nonresident alien employee claims a tax treaty exemption from withholding, the employee must submit Form 8233, Exemption from Withholding or Compensation for Independent (and Certain Dependent) Personal Services of a Nonresident Alien Individual, with respect to the income exempt under the treaty, instead of Form W-4. See Publication 515 for details.

Sending certain Forms W-4 to the IRS. Generally, you must send to the IRS copies of certain Forms W-4 that you received during the quarter from employees still employed by you at the end of the quarter. Send copies of Form W-4 when the employee claims (a) more than 10 withholding allowances or (b) exemption from withholding and his or her wages would normally be more than \$200 per week. Send the copies to the IRS office where you file your Form 941. You are not required to send any other Forms W-4 unless the IRS notifies you in writing to do so.

Send in Forms W-4 that meet either of the above conditions each quarter with Form 941. Complete boxes 8 and 10 on any Forms W-4 that you send in. You may use box 9 to identify the office responsible for processing the employee's payroll information. Also send copies of any written statements from employees in support of the claims made on their Forms W-4. Send these statements even if

the Forms W-4 are not in effect at the end of the quarter. You can send them to the IRS more often if you like. If you do so, include a cover letter giving your name, address, EIN, and the number of forms included. In certain cases, the IRS may notify you in writing that you must submit specified Forms W-4 more frequently, separate from your Form 941.

Note. Please make sure that the copies of Form W-4 that you send to the IRS are clear and legible.

If your Forms 941 are filed electronically, this Form W-4 information also should be filed with the IRS on magnetic media or electronically. See *Filing Form W-4 on magnetic media or electronically* below. Electronic filers of Form 941 may send paper Forms W-4 to the IRS with a cover letter if they are unable to file them electronically. If you file Form 941 by 941TeleFile, send your paper Forms W-4 to the IRS with a cover letter.

Note. Any Form W-4 that you send to the IRS without a Form 941 should be mailed to the "Return Without A Payment" address in the instructions for Form 941.

Base any employee federal income tax withholding on the Forms W-4 that you send in unless the IRS notifies you in writing to do otherwise. If the IRS notifies you about a particular employee, base his or her income tax withholding on the number of withholding allowances shown in the IRS notice. The employee will get a similar notice directly from the IRS. If the employee later gives you a new Form W-4, follow it only if: (a) exempt status is not claimed and (b) the number of withholding allowances is equal to or lower than the number in the IRS notice. Otherwise, disregard it and do not submit it to the IRS. Continue to follow the IRS notice.

If the employee prepares a new Form W-4 explaining any difference with the IRS notice, he or she may either submit it to the IRS or to you. If submitted to you, send the Form W-4 and an explanation to the IRS office shown in the notice. Continue to withhold based on the notice until the IRS tells you to follow the new Form W-4.

Filing Form W-4 on magnetic media or electronically.

Form W-4 information may be filed with the IRS electronically. If you wish to file electronically, you must submit Form 4419, Application for Filing Information Returns Electronically/Magnetically, to request authorization. See Publication 1245, Specification for Filing Form W-4, Employee's Withholding Allowance Certificate, Magnetically or Electronically. To get more information about electronic filing, call the IRS Martinsburg Computing Center at 1-866-455-7438 (toll free) or 304-263-8700 (not toll free).

Note. Any Forms W-4 with employee supporting statements that you are required to submit to the IRS must be submitted on paper. They cannot be submitted on magnetic media or electronically.

Invalid Forms W-4. Any unauthorized change or addition to Form W-4 makes it invalid. This includes taking out any language by which the employee certifies that the form is correct. A Form W-4 is also invalid if, by the date an employee gives it to you, he or she indicates in any way that it is false. An employee who files a false Form W-4 may be subject to a \$500 penalty.

When you get an invalid Form W-4, do not use it to figure federal income tax withholding. Tell the employee