

Instructions on how to apply for a Central Withholding Agreement

What is a Central Withholding Agreement?

Central Withholding Agreement (CWA) is a tool that can help nonresident entertainers and athletes who plan to work in the United States. A CWA provides for the correct amount of withholding based upon net income at graduated rates.

Legal Background

Generally, Section 1441(a) of the Internal Revenue Code of 1986 requires all persons having the control, receipt, custody, disposal, or payment of certain items of income from sources within the United States of any nonresident alien individual, to deduct and withhold from such income a tax equal to 30 percent thereof. These persons are withholding agents. The income items subject to this withholding include, but are not limited to, interest, dividends, rent, salaries, wages, compensations, remunerations, and emoluments.

Section 1.1441-4(b)(3) of the Income Tax Regulations provides that compensation for personal services of a nonresident alien (NRA) individual who is engaged during the taxable year in the conduct of a trade or business within the United States, may be wholly or partially exempted from withholding if a CWA is executed between the Internal Revenue Service (IRS) and the alien individual with respect to the amount of withholding required. The regulation states that a CWA shall be available in the circumstances and in the manner set forth by the IRS.

IRS Policy

The IRS will consider entering into a CWA permitting withholding on projected net income at a graduated rate, as opposed to 30% of gross income, provided that all requirements of Revenue Procedure 89-47 are met. Accurately completing this application will fulfill the requirements for consideration.

In no event will a CWA reduce the amount of withheld taxes to an amount less than the anticipated income tax liability.

Steps to Apply for a CWA

Who can apply?

Individual nonresident alien (NRA) entertainers and athletes who perform or participate in events in the United States can request a CWA. They may qualify for a lower rate of withholding than 30% of gross income.

An authorized representative may apply for the NRA. To prevent unauthorized disclosures, we require a Form 2848, Power of Attorney and Declaration of Representative, or Form 8821, Tax Information Authorization, to be fully executed, giving us authority to discuss tax matters with the NRA's representative. The disclosure authorization (Form 2848 or Form 8821) must be signed by the NRA. A faxed copy of this form is acceptable. If there is a need to obtain additional information from other sources, we will either request authorization for that source or will request the information through the source that already has authorization.

We may accept Form 2848 from an attorney, CPA, or enrolled agent. Additionally, we may accept Form 2848 if the representative is an officer of the company, a full-time employee, family member, or enrolled actuary. The authorization should cover, at a minimum, a CWA for the current year, Income Tax Form 1040NR for the present and two prior years, as well as any Form 1042-S in the taxpayer's name for any year in question.

We would also accept Form 8821 from anyone else designated to receive tax return information. Form 8821 authorizes any individual, corporation, firm, organization, or partnership designated to inspect and/or receive confidential information in any office of the IRS for the type of tax and the years or periods listed on Form 8821. The authorization should cover the same tax return information as shown above.

When should I apply?

You must submit an application for a CWA at least 45 days before the tour begins or the event occurs to allow for timely evaluation. Exceptions will be considered on a case-by-case basis.

Where do I apply?

Submit your application and all accompanying documents to:

Central Withholding Agreement Program
Internal Revenue Service
M/S 0175 110 City Parkway
Las Vegas, Nevada 89106



How do I apply?

You must submit a written application and appropriate attachments.

The only standard portion of an application for a CWA is the application form itself appearing at the end of these instructions. The remainder of the application will consist of a computer-generated letter from you explaining the facts requested below, along with the appropriate attachments. Be sure to date your application.

If an entertainment group consists of more than one NRA, generally each NRA will need to apply for a CWA. When requesting a CWA for multiple entertainers, list each one and provide the complete information for each. Attach a spreadsheet showing all of the group members' allocations in this instance. Total of all group members' portions should equal 100%.

You may need to provide additional information that affects the computation or completion of the CWA that is requested by the IRS. This information must be provided in a timely manner. Delays in response may jeopardize the approval of the CWA.

The signature of the person completing this application is required on the letter. Place this declaration above the signature:

"I wish to obtain a Central Withholding Agreement between the nonresident alien athlete/entertainer, the withholding agent, and the Internal Revenue Service covering the services to be provided as shown.

Under penalties of perjury, I declare that I have examined this application, including any accompanying schedules, exhibits, affidavits, and statements and to the best of my knowledge and belief it is true, correct, and complete."

Supporting Documents Required to Evaluate Your Application

1. Complete all boxes on the application form at the end of these instructions with information regarding the NRA, the withholding agent and an alternate contact representative, if desired. For CWAs involving multiple entertainers, complete the continuation sheet.

For an Entertainer(s), attach the following:

2. Copies of all documentation related to income of the covered NRA(s) regarding the time period and performances or events to be covered by the CWA. Documentation should include (but not be limited to) contracts, letters of understanding, offer letters, engagement letters, agreements with employers, agents, representatives, promoters, venues such as exhibition halls and the like.
3. All documentation related to merchandising, endorsements, sponsorship income, production or tour support, and reimbursement in any way associated with this activity or event.

4. An itinerary of dates and locations of all performances or events scheduled during the period to be covered by the CWA. Include any anticipated performances that may be in negotiation or planning. Tours crossing calendar years may require additional information and will require a separate CWA for each year.
5. A spreadsheet containing the proposed budget showing itemized estimates of all gross income (including but not limited to income attributable to items listed in 2 and 3 above) and US expenses for the tour or event. If the tour encompasses events outside of the US, separately state the US income and expenses.
6. A list of any previous CWA(s) for the calendar year in which the CWA is requested. If there is any US source income previously earned in the calendar year not claimed on a CWA, provide the income, the source and verification of amounts withheld and deposited. If no prior income, state not applicable.
7. For each NRA, state whether the NRA has been in the US providing personal services during the current or six prior years. Provide the US taxpayer ID for whom the income and deductions were reported.

For an Athlete, attach the following:

8. Copies of all agreements presented to the athletic association (e.g. bout agreements).
9. Copies of any other agreements regarding residual income, such as Pay Per View or exclusive television rights to athlete's home country.
10. Copies of documents related to any other income such as endorsement income or sponsorship contracts.
11. Date and location of this event as well as the promoter name.
12. State whether the NRA has been in the US providing personal services during the current or six prior years. Provide the US taxpayer ID of the NRA for whom the income and deductions were reported.
13. A spreadsheet of all expenses for the event such as manager, trainer, cutman, sanction fee, sparring partner, training facility expense, and travel to and from home country.
14. List any previous CWA(s) for the calendar year in which the CWA is requested. If there is any US source income previously earned in the calendar year not claimed on a CWA, list the income, the source and verification of amounts withheld and deposited. If no prior income, state 'not applicable'.

NOTE: These lists are not all inclusive. If other information explains your situation, include it.

Additional Information

For the NRA:

- NRAs without an SSN who are in the US on work visas should plan to apply for an SSN while in the US. See www.ssa.gov for information. In general an NRA who has worked in the US in a prior tax year will not be granted a CWA without having an SSN or ITIN.
- Each NRA must have accurately and timely filed past US tax returns as appropriate and must continue to do so.

For the Withholding Agent:

- Each CWA requires a designated withholding agent enter into the CWA as a party to the agreement between the IRS and the NRA Athlete or Entertainer. The designated withholding agent must be an independent third party unrelated to the NRA, or entities owned by the NRA.
- A CWA is effective only for the tour or events covered and payments stipulated in the CWA. It is effective only when signed by all parties to the CWA, (i.e. the NRA, the withholding agent and IRS).
- The designated withholding agent is required to withhold and pay withholding tax according to the terms of the CWA. The designated withholding agent is required to provide a final accounting of the income and expenses that were projected in the CWA and deposit any additional withholding tax required as a result of the final accounting.
- The CWA program requires withholding agents to have a U.S. bank account and be enrolled in the Electronic Federal Tax Payment System (EFTPS). It also requires deposits to be made through EFTPS. For enrollment procedures and requirements, see www.eftps.gov.

What happens after IRS receives my Application?

You will be contacted by a tax specialist regarding the status of your application and any additional information that may be required.

If your request for a CWA is granted, the specialist will notify you in writing and provide the agreement for signature. A CWA is not in effect until all parties to the agreement have signed the CWA.

The withholding agent will withhold income tax and pay over the withheld tax to the United States Treasury on the dates and in the amounts specified in the CWA.

The IRS will apply the payments of withheld tax to the withholding agent's Form 1042 account. Each withholding agent must file Form 1042 and Form 1042-S for each tax year in which income is paid with respect to the period and events covered by the CWA.

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. Our authority to request this information is Section 7801 of the Internal Revenue Code.

Our purpose for requesting the information is to determine if it is in the best interests of the IRS to execute a Central Withholding Agreement (CWA). You are not required to request a CWA; however, if you choose to do so, you must provide all of the taxpayer information requested. Failure to provide all of the information may prevent us from processing your request.

If you are a paid preparer and you prepared the Form 13930 for the taxpayer submitting a CWA request, we request that you complete and sign the application letter as described in Form 13930, and provide identifying information. Providing this information is voluntary. This information will be used to administer and enforce the Internal Revenue laws of the United States and may be used to regulate practice before the IRS for those persons subject to Treasury Department Circular No. 230, Regulations Governing the Practice of Attorneys, Certified Public Accountants, Enrolled Agents, Enrolled Actuaries, and Appraisers before the Internal Revenue Service. Information on this form may be disclosed to the Department of Justice for civil and criminal litigation.

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. However, section 6103 allows or requires the Internal Revenue Service to disclose or give such information shown on your Form 13930 to others as described in the Code. For example, routine uses of this information include giving it to the Department of Justice to enforce the tax laws, both civil and criminal, and to cities, states, the District of Columbia, and U.S. commonwealths or possessions for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and states agencies to enforce federal non-tax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. Providing false or fraudulent information on this form may subject you to criminal prosecution and penalties.

The time needed to complete and file this form and related schedules will vary depending on individual circumstances. The estimated average times are:

Recordkeeping	5 hr., 0 min.
Learning about the law or the form	3 hr., 0 min.
Preparing the form	2 hr., 30 min.
Copying, assembling, and sending the form to the IRS	1 hr., 30 min.

If you have any comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6404, Washington, DC 20224. Do not send the tax form to this address.

Continuation Sheet – For Entertainment Groups with Multiple NRAs

1a. Athlete/Entertainer (Nonresident Alien)	IRS Use Only: AE-ID:	IRS Use Only: G-ID:
a. Individual Legal Name	c. US Taxpayer ID (Social Security Number or Individual Taxpayer ID Number)	
b. NRA Address (Street, City, Province/State, Postal/Zip code, Country (if not USA))	d. Date of Birth (mmddyyyy)	
e. Country of Residence	f. Country of Citizenship	
g. Applying as (check the box that describes the NRA's profession) <input type="checkbox"/> Athlete <input type="checkbox"/> Entertainer		
h. Group Name (if applicable, indicate the group name and attach CWA Worksheet Continuation page(s) listing other group members to be covered by this CWA)	i. Percentage share of net income (NRA's percentage of earning from this tour)	
	j. Stage Name (performance name)	
k. Marital Status <input type="checkbox"/> Married <input type="checkbox"/> Single		
1b. Athlete/Entertainer (Nonresident Alien)	IRS Use Only: AE-ID:	IRS Use Only: G-ID:
a. Individual Legal Name	c. US Taxpayer ID (Social Security Number or Individual Taxpayer ID Number)	
b. NRA Address (Street, City, Province/State, Postal/Zip code, Country (if not USA))	d. Date of Birth (mmddyyyy)	
e. Country of Residence	f. Country of Citizenship	
g. Applying as (check the box that describes the NRA's profession) <input type="checkbox"/> Athlete <input type="checkbox"/> Entertainer		
h. Group Name (if applicable, indicate the group name and attach CWA Worksheet Continuation page(s) listing other group members to be covered by this CWA)	i. Percentage share of net income (NRA's percentage of earning from this tour)	
	j. Stage Name (performance name)	
k. Marital Status <input type="checkbox"/> Married <input type="checkbox"/> Single		
1a. Athlete/Entertainer (Nonresident Alien)	IRS Use Only: AE-ID:	IRS Use Only: G-ID:
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