
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 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 and timely 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.

Starting October 1, 2018, individual nonresident alien entertainers and athletes must have calendar year-to-date U.S. gross income of at least \$10,000 (including income estimated on the CWA application budget) before the NRA is eligible to apply for a withholding agreement. To determine whether the gross income threshold is met the IRS will include all year-to-date settlement amounts not covered by a CWA for which there has been withholding at the proper rate.

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 or family member. 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 first event covered by the CWA to allow for timely evaluation. An application received by the IRS less than 45 days before the first event covered by the application will be denied and returned to the applicant.

Example: An artist has a performance scheduled for March 1, 2013. In order for the application to be considered, it must be received by IRS 45 days prior to the performance which is January 15, 2013. If the application is received on January 16, 2013, the application will not be processed since it was not received 45 days prior to the first event. Note: For the computation of the number of days, the day of the event is not included since the application must be received prior to the first event.

Where do I apply?

Submit your application and all accompanying documents to:

Central Withholding Agreement Program
Internal Revenue Service
Stop 1441
2001 Butterfield Road
Downers Grove, IL 60515-1050
Or by Fax 866-715-1507

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.

Each individual requesting a CWA must submit a timely application. This includes all members of the group, regardless as to whether or not they share in the profit of the tour or event. This also includes any back-up singer or musician who is requesting a CWA. When requesting a CWA for multiple individuals list each individual and provide the complete information for each.

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 by the deadline provided by the IRS when requested. Delays in response may jeopardize the approval of the CWA.

Each CWA application must include the following statement and must either be signed by the NRA or by an authorized representative of the NRA.

"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."

Initial Application must include:

1. Name of NRA(s) to be covered by CWA
2. SSN or ITIN of NRA if known
3. Tour dates or event to be covered
4. POA for NRA as appropriate
5. Preliminary Budget

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:

1. 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.

2. All documentation related to merchandising, endorsements, sponsorship income, production or tour support, and reimbursement in any way associated with this activity or event.
3. An itinerary of dates and locations of all performances or events 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.
4. A spreadsheet containing the proposed budget showing itemized estimates of all gross income (including but not limited to income attributable to items listed in 1 and 2 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.
5. 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.
6. 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 SSN or ITIN of the NRA for whom the income and deductions were reported.

For an Athlete, attach the following:

1. Copies of all agreements presented to the athletic association (e.g. bout agreements).
2. Copies of any other agreements regarding residual income, such as Pay Per View or exclusive television rights to athlete's home country.
3. Copies of documents related to any other income such as endorsement income or sponsorship contracts.
4. Date and location of this event as well as the promoter name.
5. State whether the NRA has been in the US providing personal services during the current or six prior years. Provide the US taxpayer SSN or ITIN of the NRA for whom the income and deductions were reported.
6. A spreadsheet of all expenses for the event such as manager, trainer, cut man, sanction fee, sparring partner, training facility expense, and travel to and from home country. List all persons in the travel party and their function.
7. 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 supports positions taken on the budget, include it.

Additional Information For the NRA:

NRA's without an SSN who are in the US on work visas should plan to apply for an SSN while in the U.S. See www.ssa.gov for information. An NRA who has worked in the US in a prior tax year will not be granted a CWA unless they are in paying and filing compliance. Each NRA must have filed and paid or arranged to pay past US tax returns as appropriate. The NRA agrees to file Form 1040NR or Form 1040NR (EZ) for the tax year where the NRA has entered into a CWA

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 designated 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 US bank account and be enrolled in 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 within 3 business days of assignment to 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 any required income tax and pay over the withheld tax via EFTPS on the dates and in the amounts specified in the CWA. The IRS will apply the payments of withheld tax to the 1042 account designated by the withholding agent. Each withholding agent must file Form 1042 and Form1042-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 Practice 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., 00 min.
Learning about the law or the form	3 hr., 00 min.
Preparing the form	2 hr., 30 min.
Copying, assembling, and sending the form to the IRS1 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.

Application for Central Withholding Agreement

1. Athlete/Entertainer <i>(nonresident alien)</i>		AE-ID <i>(IRS Use Only)</i>	Date received <i>(IRS Use Only)</i>
a. Legal Name <i>(last, first, middle initial)</i>		c. U.S. Taxpayer ID (SSN)	
b. Address		d. Date of birth	
		e. Country of residence	
f. Country of citizenship		g. Applying as <input type="checkbox"/> Athlete <input type="checkbox"/> Entertainer	
h. Group name <i>(if applicable)</i>		i. Percentage share of net income	
j. Stage name		k. Marital status <input type="checkbox"/> Married <input type="checkbox"/> Single	
l. Operating as business <i>(LLC, corporation, partnership)</i>		Business name	
U.S. Taxpayer ID of Business	Country where business established	Date business started	

Employer Identification Number (EIN) where 1042 deposits are being made

2. Withholding Agent		WHA-ID <i>(IRS Use Only)</i>	CWA-ID <i>(IRS Use Only)</i>
a. Firm		d. U.S. Taxpayer ID (EIN/SSN)	
b. Contact person		e. Voice phone number	
c. Address		f. Fax phone number	
g. All CWA Deposits are required to be made using EFTPS. Are you currently enrolled in EFTPS <input type="checkbox"/> Yes <input type="checkbox"/> No			
h. I am acting as <input type="checkbox"/> Promoter <input type="checkbox"/> Agent <input type="checkbox"/> Venue <input type="checkbox"/> Other			

I declare that I have examined under penalties of perjury and to the best of my knowledge and belief, the statements are true, correct, and complete.

Signature	Date
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*Must be signed by each NRA on application unless signed by POA with authority under Form 2848

3. Contact Person: The valid Form 2848 or Form 8821 holder will be contacted for additional information if necessary. If utilizing Form 8821 please identify all individuals covered by the Form 8821

a. Name	b. Firm
c. Address	d. Voice phone number
	e. Fax phone number

Continuation Sheet - For Entertainment Groups with Multiple Nonresident Aliens

Athlete/Entertainer <i>(nonresident alien)</i>	AE-ID <i>(IRS Use Only)</i>	G-ID <i>(IRS Use Only)</i>
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a. Legal Name <i>(last, first, middle initial)</i>	c. U.S. Taxpayer ID (SSN)
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b. Address	d. Date of birth
	e. Country of residence

f. Country of citizenship	g. Applying as <input type="checkbox"/> Athlete <input type="checkbox"/> Entertainer
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h. Group name <i>(if applicable)</i>	i. Percentage share of net income
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j. Stage name	k. Marital status <input type="checkbox"/> Married <input type="checkbox"/> Single
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Athlete/Entertainer <i>(nonresident alien)</i>	AE-ID <i>(IRS Use Only)</i>	G-ID <i>(IRS Use Only)</i>
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a. Legal Name <i>(last, first, middle initial)</i>	c. U.S. Taxpayer ID (SSN)
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b. Address	d. Date of birth
	e. Country of residence

f. Country of citizenship	g. Applying as <input type="checkbox"/> Athlete <input type="checkbox"/> Entertainer
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h. Group name <i>(if applicable)</i>	i. Percentage share of net income
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j. Stage name	k. Marital status <input type="checkbox"/> Married <input type="checkbox"/> Single
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Athlete/Entertainer <i>(nonresident alien)</i>	AE-ID <i>(IRS Use Only)</i>	G-ID <i>(IRS Use Only)</i>
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a. Legal Name <i>(last, first, middle initial)</i>	c. U.S. Taxpayer ID (SSN)
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b. Address	d. Date of birth
	e. Country of residence

f. Country of citizenship	g. Applying as <input type="checkbox"/> Athlete <input type="checkbox"/> Entertainer
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h. Group name <i>(if applicable)</i>	i. Percentage share of net income
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j. Stage name	k. Marital status <input type="checkbox"/> Married <input type="checkbox"/> Single
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