

News Flash

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**Understanding the W8-BEN-e form:
How to avoid paying withholding
tax in the US?**

Understanding the W8-BEN-e form: How to avoid paying withholding tax in the US?

If you carry out business activities with partners in the USA or receive certain types of income with source in the USA, you may be exposed to the risk of withholding tax of up to 30% according to local legislation. Form W8-BEN-e allows to claim a reduction in the US tax rate for a foreign business if the country in which the business is established has a double taxation treaty.

What is Form W8-BEN-e and what is it used for?

The [W8-BEN-e form](#) is a document that confirms that a legal entity that does not have registered seat in the US is entitled to tax benefits under US law. The mentioned form serves to reduce the tax liability and correctly identify the person who received the income. Completion of this form is required in business practice for cooperation with companies based in the USA. In this case, it is necessary to provide the US business partner with a completed W8-BEN-e form in order to avoid misunderstandings and avoid excessive tax being collected.

What types of income does the form cover?

The most common are **dividends**, but there can also be other incomes such as interest, capital gains, royalties, rental of properties, income from various types of services and other income subject to US taxation.

The completed form W8-BEN-e confirms that:

- the company is not a US resident;
- is the owner of the income to which the form relates;
- serves to apply a reduced rate of withholding tax in accordance with the Double Taxation Agreement between the Slovak Republic and the USA.

In similar cases, if the income is received by a natural person, it is necessary to fill in the W8-BEN form, which serves to apply more favorable taxation conditions in accordance with the Double Taxation Treaty with the USA.

Fulfilling reporting obligations in another country is undoubtedly difficult, so we will be happy to help you with the preparation of the W8-BEN-e form. Get in touch with us at slovakia@accace.com and we will get back to you.

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