

Title:

Tax: Are you paying it TWICE ?

Word Count:

586

Summary:

Article dealing with people doing Online Business across international boundaries. This is specific to businesses from US to other countries. For businesses originating from other countries see International Tax Laws for that country.

Keywords:

online,business,setup,tax,help,guide,W-8BEN, W-8ECI, W-8EXP,W-8IMY

Article Body:

This article would prove beneficial for people or websites based countries other than UNITED STATES OF AMERICA and doing businesses with websites or companies in the UNITED STATES OF AMERICA. This is specific to businesses from US to other countries. For businesses originating from other countries see International Tax Laws for that country.

For further and more accurate information always consult the site www.irs.gov

Whichever country you are coming from, the term business is always related to tax. It is your financial obligation that MUST be taken into account and paid.

Online Business is no different. The way online business differs form other businesses is that it is the easiest way to cross international borders and bring into effect the international tax laws.

You may receive the payments by Checks, Bank Transfers, PayPal or whatever. All the income must be estimated and tax should be calculated and paid. If you are unsure consult your Tax Agent. He would be able to guide you better.

Online business is mostly generated from UNITED STATES OF AMERICA as all the good sites that provide good returns are based in UNITED STATES OF AMERICA. has opened its gates for people from all around the world (with exception of some countries) to conduct business from these online firms. According to the U.S. government's rule all income or business generated from U.S. Businesses or income related to U.S. Businesses or Companies should pay tax in the US. The

companies in the US are advised to hold tax from you or not to make nay

Does that mean you pay the Income Tax TWICE? Once to the US Government and once again when you do your local taxes. The answer in "NO".

The good news is that US has got international rules for dealing with Tax issues arising in these sorts of situations. To get around it you need to fill in the APPLICABLE W-8 series of forms like W-8BEN, W-8ECI, W-8EXP, and W-8IMY and give it the company whom you are doing business.

A further note Google AdSense is a bit different. It takes care to see your country of origin and advises you accordingly. You DO need to pay tax in UNITED STATES OF AMERICA. if you have people, services and equipment based in the UNITED STATES OF AMERICA. Having only a hosting service is not considered as owing equipment in UNITED STATES OF AMERICA.

More information can be obtained from the following publications:

These are some of the links to that give further information on these issues. If you do not understand the technical tax jargon, consult your tax agent or tax consultant.

0506 Inst W-8 (PDF) Instructions for the Requester of Forms W-8BEN, W-8ECI, W-8EXP, and W-8IMY (35.9K) PDF

0206 Form W-8BEN (PDF) Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding (66.8K) PDF

0206 Inst W-8BEN (PDF) Instructions (43.8K) PDF

0206 Form W-8ECI (PDF) Certificate of Foreign Person's Claim for Exemption From Withholding on Income Effectively Connected With the Conduct of a Trade or Business in the United States (56.6K) PDF

0206 Inst W-8ECI (PDF) Instructions (32K) PDF

0206 Form W-8EXP (PDF) Certificate of Foreign Government or Other Foreign Organization for United States Tax Withholding (59.6K) PDF

0206 Inst W-8EXP (PDF) Instructions (37.5K) PDF

0206 Form W-8IMY (PDF) Certificate of Foreign Intermediary, Foreign Partnership,
or Certain U.S. Branches for United States Tax Withholding (65.6K) PDF

0206 Inst W-8IMY (PDF) Instructions (44.4K) PDF