

IRS Hot Topics

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IRS announces increase in user fee for US Residency Certification

The Internal Revenue Service announced that effective April 1, 2012, the user fees for processing Form 8802, *Application for United States Residency Certification*, will increase. All Forms 8802 received with a postmark dated on or after April 1, 2012, will be charged a flat fee of \$85.00 per application, regardless of the number of certificates requested.

Foreign countries generally withhold tax on certain types of income from sources within those countries that are paid to residents of other countries. An income tax treaty generally reduces withholding tax for certain type of income paid to US residents.

In order to provide a reduced rate of withholding tax to US residents pursuant to an income tax treaty with the United States, many US treaty partner countries require the IRS to certify that the US person claiming

treaty benefits under the applicable treaty with the United States is a US resident for federal tax purposes. Form 8802 is used to request a US Residency Certificate - Form 6166, which is a letter issued by the IRS which certifies that for the certification year a person was a tax resident of the United States.

Currently, the user fee for processing Form 8802 is \$35 per Form 8802 which covers up to 20 US Residency Certificates (Form 6166) issued under a single taxpayer identification number (TIN) regardless of the number of countries for which the certification is requested or the tax period to which the certification applies. For every additional 20 Forms 6166 requested on the same Form 8802, an additional \$5 fee applies. With the increased user fee of \$85 per Form 8802, there is no limit to the number of certificates that can be requested on a single Form 8802.



This is the first increase since 2006 when the IRS began charging user fees for processing Forms 8802, and it reflects the increase in labor and other costs to process the form.

The revised Form 8802 and instructions is available to the public as of April 1, 2012.

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