



IRS WITHHOLDING INFORMATION FOR LANDLORDS

Salefish Properties wishes to inform you that IRS Withholding Tax Regulations require that property management companies withhold 31% of all income coming to the owner from his investment if they do not have certain documentation on file. Please read the following documentation requirements that will allow you to be exempted from this withholding requirement.

U.S. Citizens

May provide their social security number on a W-9 form for whichever owner is to receive the reported miscellaneous income each year on a signed IRS form 1099 and a signed Citizenship Statement.

Non-U.S. Citizens

May provide their ITIN number on a form W-8ECI to be exempt from 31% withholding tax. U.S. law requires that you have on file with our property management company a fully completed and signed Form W-8ECI every 3 years to avoid the 31% withholding tax on your rental income. If we do not receive this signed form, complete with your U.S. tax identifying number in the box at the top right of the form, we are required to deduct 31% of your rental proceeds each month and send it to the IRS until we receive a fully completed Form W-8 ECI. Your foreign tax I.D. number (such as Canadian Social Insurance number) is not valid for U.S. purposes. If Salefish Properties must withhold the 31% and send it to the IRS, you may get a refund only by filing your end of year tax return with the IRS.

If you do not have a U.S. tax identification number and wish to apply for one you need to complete an IRS Form W-7 and send it with certified copies of the required documents to the Internal Revenue Service. There are two types of U.S. tax identification numbers: A U.S. social security number and an Individual Taxpayer Identification Number (TIN). A U.S. social security number is a nine digit number issued by the Social Security Administration beginning with any number EXCEPT "9". The Internal Revenue Service began issuing ITIN's in late 1996 to replace the old numbering system of tax identification numbers which also began with "9". You must also submit two documents along with the W-7: one proving citizenship such as birth certificate or passport, and one proving identity such as driver's license, national insurance card or voter identification card. One of these forms must be a photo type of identification. These may not be copies unless they are certified copies from the issuing agency. Notarized copies are not accepted. It may take over 2 months to get a number assignment since the events of 9/11/01 have significantly slowed the ITIN issuance process.

The IRS address is **Internal Revenue Service, Philadelphia Service Center, ITIN Unit, P.O. Box 447, Bensalem, PA 19020** if you choose to apply through the mail. You may also wish to check with your local U.S. consulate to see if you can arrange to apply in person and just show your original documents instead of having to get certified copies from the issuing agency.

Whichever method you choose, please send us a copy of the completed W-7 along with your signed W-8 ECI so we know you are working towards complying with this law. During the period of waiting for the ITIN, we must hold all of your rental income and may not use it to pay for anything. If you do want us to be able to use your income to pay bills on your behalf you may elect to have us send the 31% withholding to the IRS and then we may use the remaining funds to satisfy any payables. We apologize for any inconvenience you may encounter in this process. If you are a U.S. citizen you will never have to give us another W-9. If you are a Non-U.S. Citizen you will be required to sign the Form W-8 ECI every three years to keep your tax exempt status. Your prompt attention to this matter will alleviate any delays in the payment of your rental proceeds.