



**Global
Financial
Planning
Institute**

Form W-8BEN Uncovered: Ensuring Proper Withholding & Compliance

Presented by:

**Ashley Murphy CFP® GFP(USA) Fellow
Founder/Principal Advisor - Arete Wealth Strategists**

gfp.institute

GFP Disclosures



- ❖ The information provided ***does not constitute personal financial, tax or investment advice*** and it should not be relied on as such. It does not take into account any investor's particular investment objectives, strategies, tax status or investment horizon. You should consult your tax and financial advisor.
- ❖ All material has been obtained from sources believed to be reliable. There is no representation or warranty as to the accuracy of the information and Areté Wealth Strategists shall have no liability for decisions based on such information.

Style Note: GFP Institute recognizes that there are many couples who are not heterosexual and/or heteronormative; however, in this presentation, we have chosen to use heterosexual terminology throughout because the husband/wife, she/her and he/him pairings allow for discrete differentiation in explaining some of the more complicated technical concepts.

The Global Financial Planning Institute



- An organization founded in 2020 to provide education, community, tools/resources, and ongoing research for fiduciary financial advisors and affiliated professionals worldwide who work with clients whose financial lives cross borders.



Ashley Murphy, CFP® GFP (USA) Fellow

- Tri-citizen → Born in UK to Australian Dad, raised in Australia, American mother
- Financial Planning Association
 - Int'l & Cross Border Knowledge Circle Host (2017 – 2019)
- Graduate Diploma in Financial Planning - Australia (2014 - 2019)
- Adjunct-Professor at UC Berkeley Ext (2014) and Golden Gate University (2017)
- Conference speaker (FPA, XYPN, Society Financial Service Professionals)
- Executive Director, GFP Institute (2020 - present)

Matt Goren, CFP® PhD GFP (USA) Fellow

- PhD from UC Berkeley
- Adjunct Professor of Cultural Psychology at UC Berkeley (2015 - 2016)
- Adjunct Professor of Personal Finance at University of Georgia (2016 - 2018)
- Adjunct Professor of Financial Planning at The American College (2018 - 2019)
- Assistant Professor of Financial Planning at The American College (2019 - pres.)
- Director of Curriculum at the Global Financial Planning Institute (2020 - pres.)



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Individual Income Tax Return

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AUGUST 26, 2021 • JEFF SCHLEGEL

Ashley Murphy knows something about cross-border living. He's a tri-citizen of the U.S., Australia and the U.K., and in 2013 founded Areté Wealth Strategists, a Minneapolis-based, fee-only financial planning and investment management firm serving Australian and American citizens, many of whom are expatriates. These days, he kind of splits his client base in that he and his family in January relocated to Brisbane on Australia's east coast, where they expect to remain until August of next year before returning to the U.S.

Meanwhile, technology enables him to operate two businesses that keep him anchored to the U.S.—Areté and the Global Financial Planning Institute, a platform he created last year to help financial advisors and other financial services professionals understand the nuances and potential pitfalls of working with cross-border clients.

The GFP Institute has an education component comprising a master class series of 10 weekly lessons on U.S. inbound/outbound international financial planning. Topics range from pre-immigration planning and tax treaties to retirement account transfers and international estate planning. Master class lessons include presentations from tax professionals, immigration attorneys and global insurance experts experienced in working with cross-border clients.

In this guest post, Murphy shares the main challenges that advisors must be aware of when working with international clients. Additionally, he offers resources and suggestions to help advisors hone their knowledge of the issues that their cross-border financial clients face.

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Bringing Cross-Border Planning Expertise to the Advisory Profession

by Bob Veres, 6/14/21

Somewhere in your client base is at least one of the 41.3 million foreign-born Americans currently living in the U.S. One or more of your clients has or will become one of the nine million Americans who have decided to take an overseas work assignment. Untold others have investment interests abroad, foreign spouses, or have worked abroad and collected pension assets, bought a house overseas, or put money in local investments.

Millions of people—many of whom are excellent financial planning prospects—may not realize that they have to Murphy, a cross-border planner who has citizenship in the U.K., the U.S. and Australia, has hosted the FPA discussion boards as “dabblers” in the topic.

“Over and over again, somebody would come on and ask very general questions,” he says. “They’d have an attractive new client who had some sort of cross-border complication to deal with, and they would jump on the message board and say, hey, could someone teach me about passive foreign investment corporations, or Canadian registered retirement savings plans [RRSPs]—or some other situation?”

How are advisors helping their clients navigate these very complicated and potentially costly issues? Ashley Murphy, a cross-border planner who has citizenship in the U.K., the U.S. and Australia, has hosted the FPA discussion boards as “dabblers” in the topic.

“Over and over again, somebody would come on and ask very general questions,” he says. “They’d have an attractive new client who had some sort of cross-border complication to deal with, and they would jump on the message board and say, hey, could someone teach me about passive foreign investment corporations, or Canadian registered retirement savings plans [RRSPs]—or some other situation?”

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As featured in **ThinkAdvisor** **THE WALL STREET JOURNAL** **FA FINANCIAL ADVISOR MAGAZINE**

GFP CONNECT 26



Date Jan 17 - 19 (MLK Long weekend)

Prospera Resort

Roatan, Honduras

Price: \$895 GFP members
\$995 non-members

Feedback from GFP CONNECT events

Overall Experience 9.8/10

A large promotional banner for GFP CONNECT 26. The left side has a dark blue background with white text. It features the GFPI logo, the event title '26 CONNECT GFP' in large font, a 'REGISTER NOW' button, and the website 'www.gfp.institute'. A location pin icon points to 'Prospera January 2026'. The right side of the banner shows a photograph of the Prospera Resort, a large building with a swimming pool and tropical landscaping. The website 'www.gfp.institute' is also visible in the bottom right of the photo.

 Global Financial Planning Institute

26^{CONNECT}GFP

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 **Prospera
January 2026**

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GFP CONNECT 26



March 29th

March 30th

8:00 AM TO 9:00 AM

Registration and Breakfast

9:00 AM TO 9:20 AM

General Assembly

9:20 AM TO 10:00 AM

Do's and Don'ts for Americans Abroad

10:00 AM TO 10:40 AM

Top 5 Tax Issues with Cross-Border Clients

10:40 AM TO 11:00 AM

Break

11:00 AM TO 12:00 PM

Keynote Presentation

12:00 PM TO 1:00 PM

Lunch & Presentation

1:00 PM TO 1:40 PM

Practical Considerations in Working with International and Cross-Border Clients

1:40 PM TO 2:20 PM

Sponsor Session

2:20 PM TO 2:30 PM

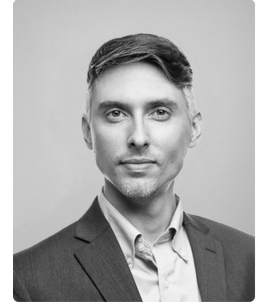
Close



Ashley Murphy
GFPI
Founder



Mel Warshaw
Independent
Tax Lawyer



Matt Goren
Farther
Vice President, Wealth Advisor



Richard Taylor
Plan First Wealth
Founder and CEO



Lauris Lamberg
Renaissance Wealth Advisors
Co-founder and CIO



John McNertney
Green Ocean Global Advisors
Founder and CEO

GFPI Membership Level Comparison



A	B	C	D	E
	<u>Benefit</u>	<u>Open Membership</u>	<u>Associate Membership</u>	<u>Full Membership</u>
<u>Annual Fee</u>		\$60	\$295	\$445 but first yr incl with Master Class Registration
<u>Community</u>				
	All Member Forum (unmoderated)	X	X	X
	Member Only Forum		X	X
<u>Marketing</u>				
	- Referrals - 'Find an Advisor' Listing			X
	- Media Enquiries			X
<u>Content</u>				
	- Introductory Presentations only (no access to slide-deck) - Blog	X	X	X
	- Intermediate and Advanced Presentations (Slide-decks) - White Papers	1 per year	X	X
<u>Events</u>				
	Discounts to Conferences/Events		X	X
<u>Practice Tools</u>				
	Institutional Foreign Exchange (25 bps)	X	X	X
	Professional Services Network - Network of international and cross-border CPAs, tax-attorneys, estate-attorneys, banking & insurance professionals.	X	X	X
	HEART Exit tax Calculator			X
<u>GFP Fellow Status</u>				
	- Entitled to use 'GFP Fellow'			X

- Membership in the GFP Institute is an investment In education, a like minded community and the the creation of a global profession

Charles Schwab - Advisor Services International Support Team

The Advisor Services International Support team is a newly formed specialty team dedicated to helping you find solutions for your international clients' needs.

The AS International Support team has a dedicated hotline to answer your international questions at **800-500-6904**. The hotline hours are 9:00 a.m.–3:00 p.m. ET, Monday through Friday. You may also contact your Service Team to help connect you as well.

Some of what the team does:

- International Accounts account opening and maintenance.
- Questions pertaining to all W-8 forms, assistance preventing and resolving form errors.
- Answering questions regarding Schwab's international policies and procedures.
- Providing guidance on trading product and account features available to international clients.

The team does not:

- Process applications, forms, or W-8 documents. This team does not directly process items.
- Take end client phone calls or provide translation services.
- Provide tax advice. This team provides general guidance on tax form requirements and tax withholding, but not advice or recommendations.
- Execute trades.

Charles Schwab - Advisor Services International Support Team

An international account's owner has a Home/Legal address outside the US or US territory. For Trust and Organization accounts, if the entity's Country of Establishment is outside of the US or US territory, then it is classified as international.

For more information: See the [International Accounts Landing Page on Service Guide](#) (SAC login required)

If you have questions, please contact your service team.

Outline

- Introduction to Form W8-BEN
- For Whom is it Applicable?
- What does it do?
- Validity Period
- What to do in Case of Overwithholding?
- Case Study: Mary and Matthew Michaels

Introduction to Form W8-BEN



For Whom is it Applicable?

- **Required for non-U.S. individuals:** Use when you are not a U.S. citizen, U.S. resident, or green card holder, and you receive income from U.S. sources.
- It is however, not the correct form for entities or U.S. persons) Foreign entities use the W-8BEN-E or W8-BEN ECI instead. US individuals use a W9.

Form W-8BEN (Rev. October 2021) Department of the Treasury Internal Revenue Service		Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding and Reporting (Individuals) ► For use by individuals. Entities must use Form W-8BEN-E. ► Go to www.irs.gov/FormW8BEN for instructions and the latest information. ► Give this form to the withholding agent or payer. Do not send to the IRS.	OMB No. 1545-1621
Do NOT use this form if: <ul style="list-style-type: none">• You are NOT an individual W-8BEN-E• You are a U.S. citizen or other U.S. person, including a resident alien individual W-9• You are a beneficial owner claiming that income is effectively connected with the conduct of trade or business within the United States (other than personal services) W-8ECI• You are a beneficial owner who is receiving compensation for personal services performed in the United States 8233 or W-4• You are a person acting as an intermediary W-8IMY		Instead, use Form:	
Note: If you are resident in a FATCA partner jurisdiction (that is, a Model 1 IGA jurisdiction with reciprocity), certain tax account information may be provided to your jurisdiction of residence.			
Part I Identification of Beneficial Owner (see instructions)			
1 Name of individual who is the beneficial owner		2 Country of citizenship	
3 Permanent residence address (street, apt. or suite no., or rural route). Do not use a P.O. box or in-care-of address.			
City or town, state or province. Include postal code where appropriate.		Country	
4 Mailing address (if different from above)			
City or town, state or province. Include postal code where appropriate.		Country	
5 U.S. taxpayer identification number (SSN or ITIN), if required (see instructions)			
6a Foreign tax identifying number (see instructions)		6b Check if FTIN not legally required <input type="checkbox"/>	
7 Reference number(s) (see instructions)		8 Date of birth (MM-DD-YYYY) (see instructions)	

Introduction to Form W8-BEN

What Does it do?

- **Establishes foreign status:** Certifies to U.S. payers (e.g., brokers, banks, investment platforms) that you are a foreign person for U.S. tax purposes.
- **Claiming tax treaty benefits:** Needed to claim a reduced rate of, or exemption from, U.S. withholding tax on certain types of U.S.-sourced income (such as dividends, interest, royalties) under a U.S. tax treaty



Introduction to Form W8-BEN

- Prevents Over-Withholding:** Without a valid W-8BEN on file, the payer is required to withhold the full 30% rate, regardless of any applicable treaty benefits or lower rates.. Filing the form ensures the correct (often lower) amount is withheld.
- Supports Compliance and Reporting:** The form is kept on file by the payer or withholding agent (not sent to the IRS directly) and is used to support their compliance with U.S. tax withholding and reporting requirements. It may also be used during audits to justify the withholding rate applied.



When to Complete

- **Before U.S. income is paid:** Must be provided to the withholding agent or payer before you receive U.S.-sourced payments; otherwise, the default 30% withholding tax may apply.
- **For investment accounts:** Required when opening or maintaining U.S. brokerage or investment accounts as a foreign resident investing in U.S. securities.

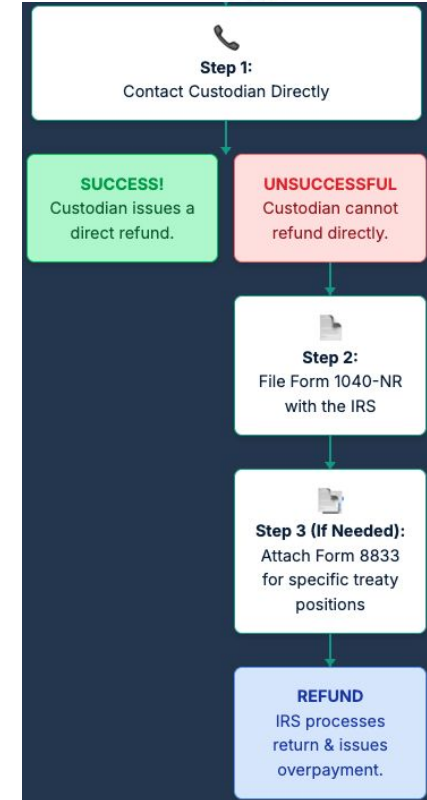


Validity period:

Typically valid for three years, after which it must be renewed to maintain reduced withholding rates or exemptions, unless there is a change in circumstances (such as moving to the U.S.).

What to do when Custodian does not apply W8-BEN?

- Despite having a properly completed W-8BEN form on file, many custodians like Charles Schwab may still withhold at the default 30% rate rather than applying the reduced treaty rate.
- When this occurs, the default method for obtaining the overwithheld funds is to file a Form 1040-NR.



Filing Form 1040NR (Nonresident Alien Income Tax Return)

Key Requirements:

- Report all U.S.-source income, including dividends subject to overwithholding
- Attach copies of Form 1042-S statements received from custodians
- Include evidence of treaty eligibility and proper W-8BEN filing

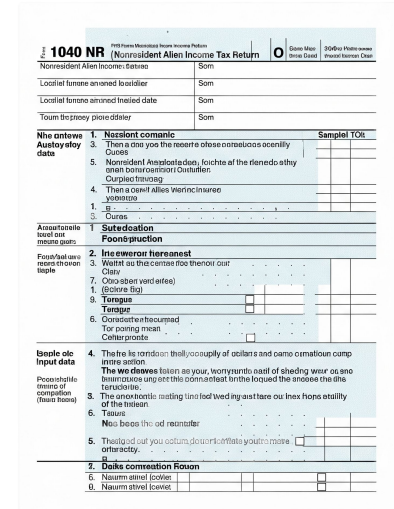
Process:

- Calculate the correct treaty rate (refer to [IRS Treaty withholding table](#))

E.g. For Australian residents

- 0% on retirement account rollovers
- 15% for U.S. dividends and 10% for interest

- Compare this to the amount actually withheld (30%)
- Claim the difference as a refund on the return
- Submit supporting documentation including the W-8BEN form and any correspondence with the custodian



The image shows a sample of Form 1040NR (Nonresident Alien Income Tax Return). The form is titled "1040 NR (Nonresident Alien Income Tax Return)" and includes a "Sample" label. It contains several sections, including "Nonresident Alien Income Tax Return", "Nonresident Alien Income Tax Return", "Nonresident Alien Income Tax Return", and "Nonresident Alien Income Tax Return". The form is divided into multiple columns and rows, with various fields for entering information. The form is a standard IRS form used by nonresident aliens to report their U.S. income and calculate their tax liability.

What to do when Custodian does not apply W8-BEN?

Supporting Documentation Requirements

Essential Documents:

- Original W-8BEN form with proper completion
- Form 1042-S statements showing actual withholding
- Proof of Australian tax residency
- Evidence of treaty eligibility under the U.S.-Australia tax treaty
- Correspondence with custodian regarding the error

Additional Support:

- Bank statements showing dividend receipts
- Portfolio statements confirming investment holdings
- Previous year's tax returns if claiming consistent treaty benefits

What to do when Custodian does not apply W8-BEN?

Alternative Approaches

Australian Tax Office Foreign Income Tax Offset:

- Claim credit for U.S. taxes paid on Australian tax return
- Can provide partial relief while pursuing U.S. refund
- Requires proper documentation and may have limitations

Custodian Resistance:

- Document all communications
- Escalate to compliance departments
- Reference specific treaty provisions and IRS guidance

Case Study: Mary & Matthew Michaels

- New Client, Mary & Matthew Michaels onboard May 2024
- Mary is an American PR/Australian Citizen.
- She is the President of a publicly listed US company
- Shall be moving with her husband back to Australia in July, and relinquishing her green card
- We opened accounts at Charles Schwab
 - Individual account: \$1.1M
 - IRA \$200K

Case Study: Mary & Matthew Michaels

- Mary & Matthew Michaels proceeded to move back to Australia as per the timeline.
- Mary relinquished her greencard in October
- Without notifying us, she updated her address at Schwab (and informed them she was no longer a US person)
- As such, Schwab applied their default withholding.....
- In the Dec-24 rebalance, Schwab withheld 30% from her individual account.
- Schwab refuses to honor the US/Australian Income tax treaty which calls for 0% withholding on retirement account rollovers



Case Study: Mary & Matthew Michaels

- Client is upset about overwithholding
- Nothing can be done about it aside from provide advice on filing 1040-NR....
- Alternative result:
 - Had the client requested the address update and we had provided Schwab with the W8-BEN prior to the rebalance/account distribution....
 - Treaty rate withholding on individual account, but
 - No change on retirement account (as Schwab seem to have taken a policy of not being treaty interpreters)
- Alternative, might have been to use Interactive Brokers, where they do apply treaty withholding rates...

Join us Next Month - August 19th



Presented By:

Ashley Murphy
Executive Director
Global Financial Planning Institute

Join Us Next Month:

Mastering the Closer Connection Exception & Treaty Tie-Breakers for U.S. Tax Residency



Tues, August 19th at 12:30 PM PT / 3:30 PM ET

In this webinar, GFP Institute Executive Director/ Co-Founder Ashley Murphy CFP® GFP will discuss how to avoid U.S. tax residency by using the closer-connection exception and treaty tie-breaker provisions. This session covers key eligibility rules, Form 8840 filing, and practical strategies to reduce tax and compliance burdens for international clients.

We hope you can join us!



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Questions and Answers
For other follow ups, please email me at ashley@gfp.institute

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