Tax Treaties

An income tax treaty is a bilateral agreement entered into between two governments under which each country agrees to limit or modify the application of its domestic tax laws in an attempt to limit the exposure to double taxation of income. An individual present in the U.S. who resides in a country for which the U.S. has entered into a tax treaty may find a provision of the treaty which would qualify them for an income tax exemption.

Employees must apply for the specific tax treaty article which applies to their situation. In general, Form 8233 and the Attachment to Form 8233 should be completed and presented to the Payroll Office along with an Alien Tax Information Form. These forms are reviewed for accuracy and validity. There are certain rules regarding treaty eligibility, therefore not all tax treaties are approved. Valid tax treaties are forwarded to the IRS for further review and approval.