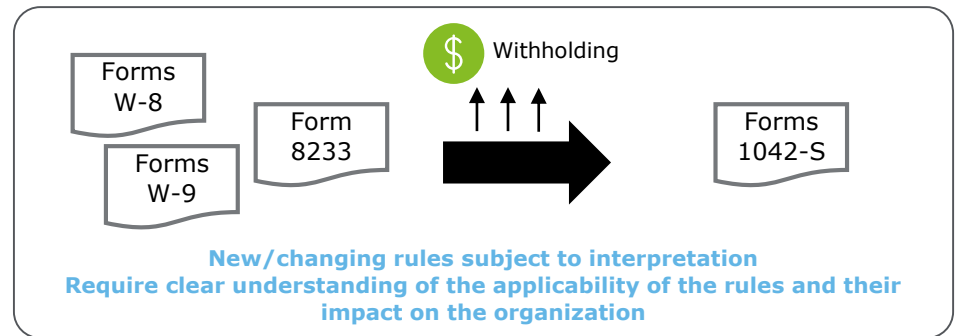
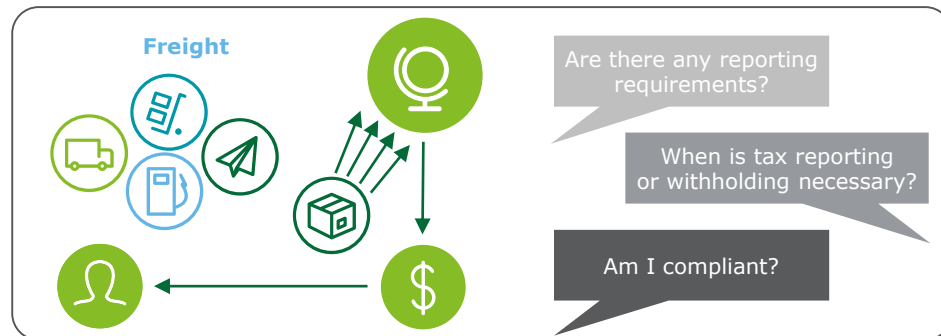


Tax information reporting requirements

Freight costs



Issues and concerns

- Certain freight payments made to foreign providers are treated as services and may be subject to withholding and reporting
 - Generally air and ship freight payments are exempt from withholding provided the excise tax has been paid
- Treaty relief may apply to freight payments and it is therefore important that valid Forms W-8 are collected when required
- Freight payments are sourced based on the origination and the destination of the shipment and therefore accurate records should be maintained
- Without adequate controls to collect documentation and to classify the type and source of the payment and withhold, if required, a company may be liable for any withholding tax.

How may we help?

- Analyze the impact on the organization
- Advise on identifying impacted payments
- Advise on developing procedures and processes, to classify payments, withhold and report
- Outsourcing assistance to execute compliance
- Immediate advisory services to reduce exposure through remediation
- Tax examination support
- Remediation support
- Development of an operating model that leads to compliance, manages risk, and the desired vendor experience

Financial exposure and payee impacts may result from missed withholding and reporting obligations; it is important to understand these complex rules

Why Deloitte?

Deloitte's Global Information Reporting ("GIR") practice is a multi-disciplinary group comprised of professionals with extensive tax technical, operations, process and technology knowledge and experience. We work closely with you and your tax and operational teams in your organization to understand your processes and procedures, look for opportunities to streamline workflows, and assist in configuring and deploying the processes and systems necessary to address documentation, withholding and reporting requirements established by federal, state and local regulators.

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