



Guide to the U.S. tax withholding on royalty payments

Why is Monotype placing a tax on my royalty payments?

US Tax law requires U.S. based companies like Monotype to withhold 30% of any royalty payments to non U.S. persons/entities.

However, for many business entities and sole proprietors, this tax can be **brought to a reduced rate or exempt completely.**

Read about:

- [Monotype's tax requirements](#)
- [How Do I reduce my taxes?](#)
- [What is a TIN, ITIN and EIN?](#)
- [If you qualify, how to get an EIN and reduce your taxes](#)
- [Current withholding tax rates by region](#)

How do I reduce my taxes?

In order to reduce or exempt yourself from withholding taxes completely, you just need to provide Monotype with the appropriate tax form that combines:

- Your Name
- Your Address
- Your U.S. EIN, U.S. ITIN/TIN or Foreign ITIN/TIN
- Agreement to claim tax treaty benefits

This form is usually either the W8-BEN or W8-ECI. Both forms can be found on the IRS website or simply contact Monotype at royalty@monotype.com and we will provide the appropriate form.

That should be it and within a few days, Monotype will have updated its systems to include your new exempt status. We may also be able to refund any withholding tax you may already have paid, but that is on a case-by-case basis.

On a side note, you may receive a note from Monotype saying that our records do not match the IRS records. The IRS can sometimes take a month or longer

to fully update their records so that may be the cause. Other than that, just make sure to keep your tax records up to date.

What is a TIN, ITIN and EIN?

A Tax Identification Number (TIN) is an identification number used by the U.S. Internal Revenue Service (IRS) for administration of tax law.

It comes in many forms, but the most important forms for non U.S. persons/entities are the U.S. **EIN** (Employer Identification Number), U.S. **ITIN/TIN** (Individual Taxpayer Identification Number) or foreign **ITIN/TIN** (Income Tax Identification Number issued by our local tax authority)

U.S. EIN (Employer Identification Number)

The U.S. EIN is used to identify a business entity that pays employees or files business tax returns. It is a nine-digit number usually formatted as xx-xxxxxxx.



U.S. ITIN (Individual Taxpayer Identification Number).

The U.S. ITIN is used to identify individuals who are not eligible for a Social Security Number (SSN), such as foreign nationals or non-resident aliens. Like a SSN, and ITIN is nine-digits and usually formatted as xxx-xx-xxxx

Foreign ITIN/TIN (Income Tax Identification Number).

The foreign ITIN/TIN is an income tax identification number issued by your local tax authority.

Which one do I get?

Having either of these numbers is the first step to getting your taxes reduced.

Getting a U.S. ITIN is often a long process and involves a few forms, fees, and US embassy visits. This may be required for you, but an easier path for most is to get a U.S. EIN or to use your foreign ITIN/TIN.

How to get my EIN?

Step 1: Call the IRS at 1 (267) 941-1000

Calling is the fastest option now because the online form the IRS has requires you to have a SSN or ITIN. However, you do not need those if you call.

The office hours are 7AM to 10PM (Eastern Time Zone), so translate that to your local time and call early to reach an agent quickly.

Step 2: Provide basic information

They will ask for your name and address, so just remember to speak as clearly as possible and spelling it out for them can help with making sure your information is correct.

Step 3: Give a reason for the call

When asked for a reason for your call, you will want to be clear that you are a foreigner living in a foreign country and that you need an EIN to comply with IRS withholding regulations.

“I have started a vendor agreement with Monotype to sell my fonts, and I have to comply with IRS withholding regulations and fill in the W-8BEN form...”

After a few more questions about what business you are doing in the U.S., they should give you your EIN. Congratulations!

List of Withholding Tax Rates by Country

After you submit the applicable tax forms, and Monotype is able to validate and accept your information, what will your new tax rate be?

It depends on the tax treaty that the U.S. has directly with your country of residence (which can change from time to time).

Listed below are Monotype’s current reference for these tax treaty rates (%’s) (Based on the IRS Publication 515).

Country	Tax Rate
Australia	5.00
Austria	0.00
Bangladesh	10.00
Barbados	5.00
Belgium	0.00
Bulgaria	5.00
Canada	0.00
China, Peopl’s Rep. of	10.00



Comm. Of Independent States	0.00
Cyprus	0.00
Czech Republic	0.00
Denmark	0.00
Egypt	15.00
Estonia	10.00
Finland	0.00
France	0.00
Germany	0.00
Greece	0.00
Hungary	0.00
Iceland	0.00
India	15.00
Indonesia	10.00
Ireland	0.00
Israel	10.00
Italy	0.00
Jamaica	10.00
Japan	0.00
Kazakhstan	10.00
Korea, South	10.00
Latvia	10.00
Lithuania	10.00
Luxembourg	0.00
Malta	10.00
Mexico	10.00
Morocco	10.00
Netherlands	0.00
New Zealand	5.00
Norway	0.00
Pakistan	0.00
Philippines	15.00
Poland	10.00

Portugal	10.00
Romania	10.00
Russia	0.00
Slovak Republic	0.00
Slovenia	5.00
South Africa	0.00
Spain	5.00
Sri Lanka	10.00
Sweden	0.00
Switzerland	0.00
Thailand	5.00
Trinidad & Tobago	0.00
Tunisia	15.00
Turkey	10.00
Ukraine	10.00
United Kingdom	0.00
Venezuela	10.00
Other Countries	30.00

Final Tips

Remember that tax law is ever changing, the information provided is subject to change and may not be up to date when you read this.

This guide is meant simply to be used as a reference. Always consult your lawyer or tax strategist before making decisions on what you need to comply with international tax law. For up to date tax information, they should be your primary source.