

In compliance with the USA Patriot Act and various IRS and State of NJ duties, we must ensure that all contracts, dealings, payments and receipts are legal. We refer broadly to these as “Engagements” with people. By “people,” we mean all individuals, entities, governments, firms, partnerships, and so on. Below we have outlined the goals and the most important steps to take for you to take so that our dealings and services with and for you are smooth, compliant and mutually beneficial.

Compliance Goal/ ActProvide to Stuyvesant Yale, LLC:

USA Patriot Act	Copy person’s Gov’t issued ID and any passports or visas Check Client’s personal & business names against OFAC list
IRS Requirements	Copy person’s SS Card or current IRS 147C Letter Copy entities Cert of Formation, preferably with a Certificate of Standing Obtain a W4, W9 or W7 signed form, matched as to name and address

\*\* For properties with joint or common ownership, we will report income to one individual if that person is at least a 50% owner and has furnished all documents and forms. If all owners want to allocate separately, all owners must furnish the required form, together with a signed and notarized document directing us to do so. This form must be received prior to December 1st of the next year to become effective for our accounting department. We reserve the right to obtain originals or Tax Agency verifications.

**FIRTPA** For Foreign investors, a certificate or letter directing how you wish to treat your income. See below re Form W-8ECI.

**NJ Tax Duties** Most businesses will require a NJ BRC (Business Registration Certificate)  
<http://www.state.nj.us/treasury/taxation/pdf/pubs/tb/tb57.pdf>

\*\* For sellers, withholding of New Jersey income tax or a State issued exemption letter. We recommend your CPA or attorney begin the process to seek an exemption early in the sales process.

The following is from the IRS: Foreign individuals and foreign corporations may elect to have their passive rental income taxed as if it were effectively connected with the U.S. trade or business. Once such an election is made by attaching a declaration to a timely filed income tax return, there is no obligation to withhold even in a net-lease situation. Once made, the election may not be revoked without the consent of the IRS. Unless the foreign investor has properly informed the property manager that the rental income is to be treated as "effectively connected income" by submitting to the property manager with a fully completed Internal Revenue Service [Forms W-8ECI, Certificate of Foreign Person’s Claim for Exemption From Withholding on Income Effectively Connected With the Conduct of a Trade or Business in the United States](#) (PDF), the property manager should withhold thirty percent (30 percent) of the gross rental receipts so as to avoid personal liability. A fully completed Form W-8ECI must include a valid U.S. tax identification number for the foreign landlord (in other words, the rental agent must withhold and remit the 30 percent tax to the IRS until this requirement is satisfied). A real property manager who collects rent on behalf of a foreign owner of real property is considered a withholding agent and is personally and primarily liable for any tax that must be withheld. The liability of the withholding agent includes amounts that should have been paid plus interest, penalties, and where applicable, criminal sanctions. Property managers who do not comply with these rules will be held liable (either individually or through their company) for 30 percent of gross rents, plus penalties and interest. Also, property managers need to report annual rents collected on behalf of foreign landlords on Forms 1042, Annual Withholding Tax Return for U.S. Source Income of Foreign Persons, and 1042-S, Foreign Person’s US Source Income Subject to Withholding. These are the equivalent of Forms 1096 & 1099-MISC but are for foreign owners.

**This is not legal or tax advice; we cannot give such advice, but we can furnish referrals to several accountants or tax attorneys.**

For more useful information, please refer to the following links:

<http://www.irs.gov/Individuals/International-Taxpayers/Foreign-Persons-Receiving-Rental-Income-From-U.S.-Real-Property>

<http://www.irs.gov/Individuals/International-Taxpayers/Reporting-and-Paying-Tax-on-U.S.-Real-Property-Interests>

For clients who are seeking government-assisted or subsidized rents, contracts, grants, loans or other financial considerations, we have been successfully doing this for more than twenty years. We can help you if you get “stuck” with any item. These are the items we recommend you furnish :

Recent Water & Tax Bills, matched as to name and address and showing no “Shut Off” or liens.

Recent utility bills, as above, matched to ownership name & address and with no arrears.

Recent payments or receipts for utilities and/or taxes.

Certificates of Registration and/or Inspection (Some towns require each rental to be inspected).

Contact info for superintendents, on site managers, etc.,

Lead Paint Disclosure forms, along with any available reports.

Rent Roll Registrations

Certificate of Insurance