**FOREIGN GRANTEES – WITHHOLDING**

October 28, 2011

IRS regulations require the Foundation to withhold income tax of 30% of the grant funds awarded to foreign organizations. The taxes will be remitted by the Foundation’s financial staff to the U.S. Department of the Treasury.

Income tax withholding will not be required if:

1. Grant funds will be used in connection with activities conducted entirely outside of the United States.
2. Grant funds will be used to purchase property.
3. An exception applies under a U.S. tax treaty.
4. The organization can demonstrate it could qualify as a U.S. tax exempt organization.

If grant funds will be used in part for activities inside the United States, 30% of the funds from the portion of the grant that is allocated for such U.S. activity will be withheld.

Examples of U.S. activities: attending a conference, site visit, temporary work or research and similar activities, including travel costs to and from the U.S. and living expenses in the U.S.

The Program Staff, knowing the purpose of the grant, will need to inform the Grants Administrator if any funds will be expended in the U.S., in which case a withholding form (attached) will be sent to the grantee.