

# New Backup Withholding Rate for Amounts Paid After December 31, 2002

## Announcement 2003-45

### Purpose

This announcement is to advise payers about a reduction in the backup withholding rate authorized by *section 3406(a)(1) of the Internal Revenue Code*. Section 105(a) of the Jobs and Growth Tax Relief Reconciliation Act of 2003 (Public Law 108-27) reduced the rate for backup withholding on reportable payments.

### New Backup Withholding Rate

For amounts paid after December 31, 2002, the backup withholding rate was reduced to 28%.

### New Rate Not Reflected in 2002

#### Products

The backup withholding rate shown in the latest revision of the following products is incorrect for amounts paid after December 31, 2002

#### Tax Forms.

- Instructions for the Requester of Form W-9
- Instructions for the Requester of Forms W-8BEN, W-8ECI, W-8EXP, and W-8IMY

The Instructions for the Requester of Form W-9 will be revised in December 2003, to reflect the new backup withholding rate for amounts paid after December 31, 2002.

The Instructions for the Requester of Forms W-8BEN, W-8ECI, W-8EXP, and W-8IMY will be revised in August 2003 to reflect the new rates.

#### Technical Publications.

- Publication 17, *Your Federal Income Tax*
- Publication 225, *Farmer's Tax Guide*
- Publication 505, *Tax Withholding and Estimated Tax*
- Publication 515, *Withholding of Tax on Nonresident Aliens and Foreign Corporations*

- Publication 525, *Taxable and Nontaxable Income*
- Publication 542, *Corporations*
- Publication 550, *Investment Income and Expenses*
- Publication 583, *Starting a Business and Keeping Records*
- Publication 1212, *List of Original Issue Discount Instruments*

The 2003 version of these publications will show the new backup withholding rate for amounts paid after December 31, 2002.

### New Rate Not Reflected in 2003

#### Products

The backup withholding rate shown in the 2003 version of the following products is incorrect for amounts paid after December 31, 2002.

- Form W-9, *Request for Taxpayer Identification Number and Certification*
- Form W-2G, *Certain Gambling Winnings*
- Form 1099-CAP, *Changes in Corporate Control and Capital Structure*
- Form 1099-G, *Certain Government Payments*
- Form 1099-INT, *Interest Income*
- Form 1099-OID, *Original Issue Discount*
- Form 1099-MISC, *Miscellaneous Income*
- Form 1099-PATR, *Taxable Distributions Received From Cooperatives*
- Instructions for Form 1042-S

The 2004 version of these forms and instructions will show the new backup withholding rate for amounts paid after December 31, 2002.