



# Title Guaranty Escrow Services, Inc.

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RE: Taxpayer Identification Number ("TIN")

Dear Client:

For the reasons stated below, we request that you provide us with your U. S. taxpayer identification number ("TIN") immediately in order to ensure a timely closing of the above described transaction.

Need for TIN. The U. S. tax laws require the preparation of several tax forms for filing with the Internal Revenue Service ("IRS") shortly after the recordation of the deed for the above referenced transaction. In order to facilitate the preparation of these IRS forms and avoid any delays towards a timely closing of this transaction, it is imperative that you provide us with your TIN. More specifically, Title Guaranty Escrow Services, Inc. ("Escrow") will be required to report this sale to the IRS by filing the Form 1099. In addition, if the Seller is not a U. S. person and does not qualify for one of the exemptions from the withholding tax under Section 1445 of the Internal Revenue Code ("IRC"), Buyer will be required to withhold 10% of the purchase price and remit this amount to the IRS with the Form 8288 and 8288-A. These IRS forms require the TIN of each party to this transaction.

Providing your TIN. We have provided you with an Information Sheet to complete concerning this transaction. Please ensure that you write in your TIN in the appropriate blank. If you are an individual, your TIN will be your social security number. If you are not eligible for a social security number because you are not a U. S. resident or citizen, then your TIN is the "Individual Taxpayer Identification Number" or "ITIN" issued to you by the IRS. If you are an entity, then your TIN is your "Employer Identification Number" or "EIN" issued to the entity by the IRS. If you do not have a TIN, please enter "NONE" in the Information Sheet and continue reading below on the importance of Seller obtaining a TIN as soon as possible.

## IMPORTANCE OF SELLER OBTAINING A TIN

Under IRC §1445, Buyer is required to withhold and send to the IRS 10% of the purchase price, together with Forms 8288 and 8288-A, unless Seller can meet one of several exemptions. (See FIRPTA & HARPTA Summary available at [www.tghawaii.com](http://www.tghawaii.com).) Regardless of whether Seller qualifies for an exemption to this withholding requirement, Seller will be obligated to file an income tax return with the IRS to report all of Seller's taxable income (including any capital gain from the disposition of the real property described above) and either obtain a refund or pay the balance of any tax due.

Please be informed that the IRS will not process an application Form 8288-B for reduced withholding and IRS will not provide a Seller with the appropriate credit for the 10% amount withheld by Buyer and remitted to the IRS with the Forms 8288 & 8288-A, until such time that the Seller obtains a TIN from the IRS. Therefore, it is to Seller's best interest to provide us with its TIN number or take immediate steps to apply for a TIN. (For further information, see "Guidance for Foreigners" available at our website, [www.tghawaii.com](http://www.tghawaii.com), or at the IRS website at [www.irs.gov/individuals/article/0,,id=120219,00.html](http://www.irs.gov/individuals/article/0,,id=120219,00.html).) Furthermore, a Seller who does not provide us with its TIN or the Form W-7 (used to apply for an ITIN together with supporting identification documents) prior to escrow closing can expect administrative delays from IRS in properly crediting such Seller with the 10% amount withheld by Buyer because of the bureaucratic difficulties entailed in tracing funds that are not identified by a TIN in the forms 8288 and 8288-A.

**Therefore, if a foreign Seller that does not have a TIN at the time of opening escrow, Escrow recommends that Seller take immediate steps either to obtain an EIN (if an entity) or complete the Form W-7 (if an individual).** If Seller provides Escrow with a properly completed Form W-7 (with supporting identification documents) prior to escrow closing, Escrow will follow the tax regulations and send the Forms 8288 & 8288-A, together with the Seller's W-7 and notarized copy (not original) passport, to the ITIN Unit of the IRS in Austin, TX in order to expedite Seller obtaining an ITIN and getting the appropriate credit for the 10% amount withheld from Seller's sale proceeds and remitted to the IRS.

## OPPORTUNITY FOR BUYER TO OBTAIN AN ITIN

In the event that BOTH the Seller and Buyer are foreign individuals without an ITIN and Seller submits a completed Form W-7 (with supporting identification documents) to Escrow prior to escrow closing, the Buyer will have the unique opportunity to also submit his or her Form W-7 (with supporting identification documents) for processing by the ITIN Unit of the IRS. Therefore, if Buyer would like to utilize this opportunity to have the ITIN Unit of IRS process Buyer's W-7 at the same time that it is processing Seller's W-7, Buyer should submit a properly completed Form W-7 (with supporting identification documents) to Escrow as soon as possible. If Buyer provides Escrow with a properly completed Form W-7 and supporting documents prior to escrow closing, Escrow will include Buyer's W-7 (with supporting identification documents) in the packet of documents (consisting of the check for 10% of the purchase price with forms 8288, 8288-A and Seller's W-7) that will be sent by Escrow to the ITIN Unit of the IRS in Austin, TX .

## FORM W-7

If you are a foreign individual without an ITIN, we suggest that you complete the Form W-7 as soon as possible. We are enclosing the Form W-7 (with instructions) for your convenience. Please note that proper completion of the Form W-7 requires that the applicant include original or notarized copy of passport or other supporting identification documents to evidence the applicant's identity. **Escrow recommends that you keep your original document and attach to the Form W-7 only a notarized copy of your passport.** For your convenience, if you are available to personally visit our office with your original passport, you may call me to schedule an appointment to have a copy of your passport notarized by one of the notaries available on staff.

Please be advised that Escrow will accept a taxpayer's Form W-7 with the notarized copy (not original) of the passport or other supporting identification documents to attach to the FIRPTA Forms 8288-A & 8288. However, it is the applicant's sole responsibility to complete the form W-7 accurately and to deal directly with the IRS (not Escrow) concerning the processing of the completed Form W-7. Applicant must clearly understand that Escrow can not be responsible for anything other than attaching the Form W-7 to the FIRPTA forms 8288-A & 8288.

Aloha,