



## CTI Tax Solutions: Intermediary Processing Software (IPS®)

**Facilitates compliance with Internal Revenue Code (IRC) Section 1441 rules and FATCA regulations for payers supporting non-withholding qualified intermediaries (QIs), non-qualified intermediaries (NQIs) and flow-through entity customers.**

CTI Tax Solutions Intermediary Processing Software (IPS®) is an end-to-end solution for documenting and managing payments to the underlying owners of NQIs, flow-through entities, and non-withholding QIs.

Withholding agents are required to identify, document and determine withholding rates, as well as report payments for underlying beneficial owners of intermediary and flow-through entity accounts. This is a massive challenge for many withholding agents, as most payment systems have flat accounts and do not support sub-accounts.

CTI Tax Solutions helps US and foreign withholding agents comply with the basic requirements for payments of US source income that is subject to withholding and information return reporting when paid to foreign persons. Customers can maintain an infinite number of tiers for the NQI and flow through entity structures. The platform recognizes the tiers within the entity structure and creates separate withholding rate pool accounts for QIs, and omnibus accounts for NQIs and flow-through entities.

IPS manages the sub-accounting functionality for multiple income and tax rate pools in separate accounts of QIs, underlying beneficial owners of NQIs and beneficial owners for multiple levels of nested NQIs. It supplies payment systems with a blended rate per income type for each direct intermediary account and will track allocated payment, name and address information for each of the underlying beneficial owners for 1042-S and 1099 reporting purposes.

### Benefits:

#### Improve Accuracy

Accurately verify underlying beneficial owner documentation and capture Forms W-8 and W-9 details automatically

#### Centralize Information

Easily integrate data across payment and corporate actions systems, existing infrastructures and third party tax withholding and reporting tools

#### Increase Efficiency

Fully automated administration of beneficial owner documentation while maintaining the electronic details of Forms W-8 and W-9, including monitoring for expiration and assisting with re-soliciting expiring forms

## Features:

### Historical Reporting

Maintains history of payment records and tax withheld at the QI pool or beneficial owner level to support preparation of Forms 1042-S and 1099 recipient statements at the beneficial owner level

### Information Return Reporting Utility

Maintains a history of all payment records and tax withheld at the QI pool or beneficial owner level. Generates extracts to assist with preparing Forms 1042-S and 1099 recipient statements at the beneficial owner level for third-party tax reporting applications including our Tax Reporting software.

### Sub-Accounting Structure

Receives withholding statements and sets up an account for each QI pool or each underlying beneficial owner in relationship to its NQI or flow-through entity

### Payment Allocation Tool

Receives and automates income allocations to each underlying beneficial owner of an NQI or flow-through entity in the sub-accounting structure

### Tax Withholding Utility

- Calculates the withholding tax rate at the QI pool or takes a feed from our tax withholding software or the customer's withholding engine to capture the tax rate for each payment at the beneficial owner level based on documentation provided
- Applies the presumptions to determine the tax withholding rate if beneficial owner documentation is lacking
- Provides one blended rate per payment at the NQI or flow-through entity level to upstream core systems
- Provides alternative blended rate accounting methods such as pay/ex/record date
- Maintains a historical archive of payment records and tax withheld at the QI pool or beneficial owner level
- Generates extracts to assist with preparing Forms 1042-S and 1099 recipient statements at the beneficial owner level for third party tax reporting applications, including our tax reporting software

\* CTI Tax Withholding and Tax Reporting software can be licensed in addition to IPS.

The screenshot displays the 'IPS - 8898890 (TEST ACCOUNT)' interface. At the top, there is a navigation bar with tabs: Home, MD<sup>3</sup>, IPS, CRS, Queues, CIC, Reports, Account Management, and Other. Below the navigation bar, the account title 'IPS - 8898890 (TEST ACCOUNT)' is shown. A 'CURRENT VALIDATION STATUS' section contains the following information:

<b>Account Number:</b> 8898890	<b>Client Number:</b>	<b>Entity Type:</b> Non-qualified interm...	<b>Treaty Country:</b>	<b>Validation Date:</b> 04/03/2017	<b>Validation Result:</b> Valid - QSL
<b>Name:</b> Test Account	<b>Form Type:</b> W-BIMY 2016 - Onshore	<b>Date Signed:</b> 04/01/2017	<b>Claimed FATCA Status:</b> Participating FFI	<b>Expiration Date:</b> 12/31/2020	<b>FATCA Status:</b> Participating FFI

Below the validation status, there are tabs for 'Structure', 'Standing Allocations', and 'Payments'. The 'Structure' tab is active, showing a tree diagram of the account structure. The root node is '8898890 Test Account'. It branches into three nodes:

- BEN ONE:** 8898890-961-00000002, WH: 0%, SA: 46%
- IMY:** 8898890-961-00000003, WH: -, SA: 51%
- BEN TWO:** 8898890-961-00000005, WH: 0%, SA: 50%

The 'IMY' node further branches into two nodes:

- BEN TWO:** 8898890-961-00000005, WH: 0%, SA: 50%
- Pool Name 1:** 8898890-961-00000006, WH: -, SA: 50%

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