



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

4.64.1

SEPTEMBER 8, 2020

EFFECTIVE DATE

(09-08-2020)

PURPOSE

- (1) This transmits revised IRM 4.64.1, Central Withholding Agreement (CWA) Program, Case Development and Processing Guidelines.

MATERIAL CHANGES

- (1) This IRM 4.64.1 incorporates interim guidance memorandums issued by the IRS Central Withholding Agreement (CWA) Program:
 1. See IRM 4.64.1.12 through IRM 4.64.1.13 which incorporates the guidance memorandum titled "CWA Procedures - Issuance of DWLs on External Cases ", issued March 6, 2018.
 2. See IRM 4.64.1.10 through IRM 4.64.1.14 which incorporates the guidance memorandums titled "Electronic Files - Procedures", issued May 14, 2018.
 3. See IRM 4.64.1.10 which incorporates the guidance memorandums titled "Central Withholding Agreement Application Requirements", issued November 5, 2018 and June 11, 2019, "CWA Procedures - External to Internal (E to I) Case Assignments", issued November 5, 2019, and "Compliance on Current Year Non-CWA Events", issued January 28, 2020.
 4. See IRM 4.64.1.10 which incorporates the June 2018 modification of Form 13930, Instructions on How to Apply for a Central Withholding Agreement.
- (2) Many of the updates to this material emphasize Form 13930, Instructions on How to Apply for a Central Withholding Agreement, (in particular the section in the form titled "Supporting Documents Required to Process Your Application").
- (3) All other subsections were updated.
- (4) Editorial corrections were made throughout.

EFFECT ON OTHER DOCUMENTS

IRM 4.64.1 dated September 11, 2017, is superseded. The guidance memos referred to in Material Changes above were incorporated into this IRM.

AUDIENCE

LB&I tax specialists, internal revenue agents, tax examiners, management assistants, and group managers working in the Central Withholding Agreement program.

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4.64.1

Case Development and Processing Guidelines

Table of Contents

- 4.64.1.1 Program Scope and Objectives
 - 4.64.1.1.1 Background
 - 4.64.1.1.2 Authority
 - 4.64.1.1.3 Roles and Responsibilities
 - 4.64.1.1.4 Program Management and Review
 - 4.64.1.1.5 Program Controls
 - 4.64.1.1.6 Terms and Definitions
 - 4.64.1.1.7 Acronyms
- 4.64.1.2 Case Development
 - 4.64.1.2.1 Case Numbering Format
 - 4.64.1.2.2 Case Assignment Database (the “Grid”)
- 4.64.1.3 Internal Leads
 - 4.64.1.3.1 Obtaining an Internal Lead Case Assignment Number
 - 4.64.1.3.2 Internal Case Building Procedures in ICS
 - 4.64.1.3.3 Completion of Internal Lead Assignment
 - 4.64.1.3.4 Completion of Internal Lead for Festivals
 - 4.64.1.3.5 Completion of Internal Lead for a Fighter/Boxer
 - 4.64.1.3.6 Mail Merge Verification
- 4.64.1.4 CWA Grade 8 TE (TE8) Responsibilities Overview
- 4.64.1.5 Receipt of Internal Lead Assignment by the TE8
 - 4.64.1.5.1 Managing the Internal Case Assignment
 - 4.64.1.5.2 Types of Directed Withholding Letters (DWLs)
 - 4.64.1.5.3 Delivering a Directed Withholding Letter (DWL)
 - 4.64.1.5.4 Rescinding DWLs
 - 4.64.1.5.5 Request for CWA after DWL Issued
 - 4.64.1.5.6 Special Handling – Letters Issued to Indian Tribal Governments (ITG)
 - 4.64.1.5.7 Contact with Withholding Agents
 - 4.64.1.5.8 Claims that 30 Percent Withholding is Not Required
 - 4.64.1.5.9 Policy Closures
- 4.64.1.6 Payment Processing
 - 4.64.1.6.1 Electronic Federal Tax Payments System (EFTPS)
 - 4.64.1.6.2 Receipt of Paper Checks
- 4.64.1.7 Closing the Internal Lead Case
- 4.64.1.8 External Case Assignments
 - 4.64.1.8.1 Case Assignment Database (the “Grid”)

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- 4.64.1.8.2 Building the External Lead
 - 4.64.1.8.3 ICS History
 - 4.64.1.8.4 Assignment of the Case to the Tax Specialist or Internal Revenue Agent
 - 4.64.1.8.5 Duplicate Assignments
 - 4.64.1.8.6 The Electronic Case File
 - 4.64.1.9 Inventory Management System – Integrated Collection System (ICS)
 - 4.64.1.9.1 Master Case 00-XXXXX00
 - 4.64.1.9.2 Individual Case File (00-XXXXX01, -02, etc.)
 - 4.64.1.10 CWA Eligibility Requirements
 - 4.64.1.10.1 Compliance on Current Year Non-CWA Events
 - 4.64.1.10.2 Initial Contact with the NRA on External Cases
 - 4.64.1.10.3 Information Document Request (IDR)
 - 4.64.1.10.4 No CWA Granted
 - 4.64.1.10.5 Mandatory Adjustments to the Budget
 - 4.64.1.10.6 Extension Requests
 - 4.64.1.10.7 Documenting Taxpayer Contacts
 - 4.64.1.10.8 Potentially Dangerous Taxpayer (PDT) and Caution Upon Contact (CAU) Programs
 - 4.64.1.10.9 Use of Email Internally
 - 4.64.1.10.10 External Data Sources (Research File)
 - 4.64.1.10.11 Ineligible Withholding Agent (IWA)
 - 4.64.1.11 Reviewing the CWA Budget
 - 4.64.1.11.1 Analyzing and Verifying Financial Information
 - 4.64.1.11.2 Calculating Correct Withholding
 - 4.64.1.11.3 Site Visits
 - 4.64.1.11.4 Site Visit Report and Log
 - 4.64.1.12 Central Withholding Agreement Preparation and Approval
 - 4.64.1.12.1 Preliminary Considerations
 - 4.64.1.12.2 Types of Central Withholding Agreements (CWAs)
 - 4.64.1.12.3 Case File Documentation – CWA Submission for Approval
 - 4.64.1.12.4 Request for Managerial Approval of CWA
 - 4.64.1.12.5 CWA Not Approved
 - 4.64.1.12.6 Delivery of CWA Contracts and Transmittals
 - 4.64.1.12.7 Executing the CWA Contract
 - 4.64.1.12.8 Additional Tour Dates Prior to Execution of the CWA
 - 4.64.1.12.9 Amending an Approved CWA
 - 4.64.1.12.10 TS/RA Schedules Follow-up Dates
 - 4.64.1.12.11 Crew and Other Support Musicians
 - 4.64.1.12.12 When to Issue a Directed Withholding Letter (DWL)
 - 4.64.1.13 Final Accounting (FA)

-
- 4.64.1.13.1 Final Accounting Review
 - 4.64.1.13.2 Documentation and Time Frame Requirements
 - 4.64.1.13.3 Final Accounting – Managerial Review
 - 4.64.1.13.4 Case File Documentation – Final Accounting Summary
 - 4.64.1.14 Case Closing Procedures
 - 4.64.1.14.1 Closing Case File Documentation
 - 4.64.1.14.2 Inventory Management For All CWA Employees
 - 4.64.1.14.3 Case Monitoring and Closing Time Frames
 - 4.64.1.14.4 Electronic File Processing
 - 4.64.1.14.5 Exam Referral
 - 4.64.1.14.6 Compliance Coordination
 - 4.64.1.14.7 Month End Report

Exhibits

- 4.64.1-1 Internal Lead Template
- 4.64.1-2 Internal Lead Festival Template
- 4.64.1-3 Internal Boxer and Mixed Martial Arts Fighter Lead Template
- 4.64.1-4 External Lead Template
- 4.64.1-5 Electronic Case File (“ECF”) Server Structure
- 4.64.1-6 Structure of an Individual ECF Case

4.64.1.1
(09-11-2017)
Program Scope and Objectives

- (1) **Purpose:** This IRM provides authority, guidance, and procedures about the Central Withholding Agreement (CWA) program. The CWA program fosters compliance and gives non-resident alien athletes and entertainers (NRAAE) the opportunity to have withholding computed on anticipated taxable income rather than gross income. A CWA is the agreement between the IRS, a NRAAE and a designated third party withholding agent (WA).
- (2) **Audience:** These procedures apply to CWA employees who are engaged in activities related to securing withholding on the income of NRAAEs including:
 - Tax specialists (TSs)
 - Internal revenue agents (RAs)
 - Tax examiners (TEs)
 - Management assistants (MAs)
- (3) **Policy Owner:** Director, Withholding and International Individual Compliance (WIIC).
- (4) **Program Owner:** Program Manager, Central Withholding Agreement (CWA) program.
- (5) **Program Goals:** The mission of the CWA program is to provide assistance to NRAAEs performing independent personal services in the United States so that they understand and meet their U.S. tax obligations. In doing so, the program will ensure that all NRAAEs are treated fairly and consistently; tax laws are applied correctly; and alternative treatments (non-audit procedures) will be used efficiently.

4.64.1.1.1
(09-08-2020)
Background

- (1) IRC 1441 generally requires all persons having the control, receipt, custody, disposal, or payment of certain items of income from sources within the U.S. to any NRA individual, to deduct and withhold from such items a tax equal to 30 percent of the gross. The application of this Code Section can have a major financial impact, especially on athletes and entertainers incurring significant expenses while competing or performing in this country.
- (2) Central Withholding Agreement (CWA) is a tool that can help NRAAEs who plan to perform services in the U.S. reduce the amount of tax withholding to be more in line with their annual projected tax liability.
- (3) A CWA is a contract between the athlete or entertainer, the withholding agent of the athlete or entertainer, and the IRS.

4.64.1.1.2
(09-08-2020)
Authority

- (1) Tax treaty provisions determine the payment's taxability.
 - a. If the NRAAE is from a country whose tax treaty with the U.S. exempts 100 percent of income from all sources, and a properly completed Form 8233, Exemption from Withholding on Compensation for Independent (and Certain Dependent) Personal Services of a Nonresident Alien Individual, is presented to the withholding agent (with a taxpayer identification number), who submits it to the IRS at least 10 days prior to the event or performance, then a CWA would not be appropriate.
 - b. If the NRA is from a country whose tax treaty with the U.S. exempts *less* than 100 percent of income from all sources, the tax treaty benefit cannot be claimed in conjunction with a CWA for withholding purposes. Any ap-

4.64 Central Withholding Agreement (CWA) Program

plicable tax treaty benefit will be claimed by the NRA when filing the Form 1040NR , U.S. Nonresident Alien Income Tax Return, for the current tax year.

- (2) IRC 1441 requires a withholding tax rate of 30 percent on U.S. sourced gross income for independent personal services of NRAs, such as athletes and entertainers.
- (3) 26 CFR 1.1441-4(b)(3) provides that the 30 percent withholding rate imposed on the U.S. sourced independent personal service income of an NRAAE individual may be reduced to a lower withholding rate if a written agreement to such effect is signed by the Commissioner of Internal Revenue Service or by his delegate with such NRA individual and other affected parties. The lower rate is intended to more accurately reflect the NRA's anticipated federal income tax liability. That liability is computed at graduated rates after allowable expense deductions. The NRA must be compliant in U.S. tax return filings and payment for prior tax years and agree to timely file a U.S. income tax return for the applicable taxable year covered by the CWA.
- (4) Rev. Proc. 89-47, 1989-2 CB 598, establishes the guidelines for the CWA program.
- (5) *Delegation Order LB&I 1-23-10*, Authority to Grant and Withhold Exemption from Withholding on Nonresident Aliens and Issue Final Exemption Payment Letter, grants the authority to execute a CWA.

4.64.1.1.3 (09-11-2017) Roles and Responsibilities

- (1) LB&I Deputy Commissioner is the senior executive responsible for the International division which includes the Withholding and International Individual Compliance (WIIC) practice area.
- (2) Director, WIIC is the executive responsible for WIIC practice area which includes the Foreign Payments Practice (FPP).
- (3) Director, Field Operations for FPP, is the executive responsible for the FPP area that includes the CWA program.
- (4) The program manager is responsible for the CWA program.
- (5) The group manager is responsible for directing the work streams of internal leads and external applications to the programs tax specialists, internal revenue agents, and tax examiners; and preparing monthly reports as required by the program manager.
- (6) The tax specialists and internal revenue agents are responsible for reviewing tour budgets to determine the correct net income against which taxes are computed.
- (7) The tax examiners grade 8 are responsible for managing an inventory of cases including the production of Directed Withholding letters.
- (8) The tax examiners grade 7 are responsible for performing lead development to identify internal case work and completing case building for external applications.

4.64.1.1.4
(09-08-2020)
Program Management and Review

- (1) **Program Reports:** The CWA program utilizes various data sources to ensure that its objectives are met, including:
- a. Assignment Database (the “Grid”)
 - b. Assignments Report
 - c. Policy Closures Report
 - d. CWA Report
 - e. Directed Withholding Letter (DWL) Report
 - f. Compliance Report
 - g. Exam Referral Report
 - h. Monthly End Report
 - i. ICS Open and Closed Case Reports
 - j. Site Visit Report
 - k. Site Visit Log

Program Effectiveness: The CWA program goals are measured through biennial independent quality reviews of CWA and DWL cases.

4.64.1.1.5
(09-08-2020)
Program Controls

- (1) CWA has developed program controls to oversee the program, including:
- a. Assignment Database (the “Grid”)
 - b. Shared Drive for CWA Managers
 - c. Shared Drive for CWA Employees
 - d. CWA Electronic Files Server
 - e. Integrated Collection System (ICS)
 - f. SharePoint Site
 - g. CWA Mailbox

4.64.1.1.6
(09-11-2017)
Terms and Definitions

- (1) **Non-resident alien (NRA):** an individual who is not a U.S. citizen or a resident alien. A resident of a foreign country under the residence article of an income tax treaty is a nonresident alien individual for purposes of withholding. An NRA is sometimes referred to as a “non-US person.”
- (2) **Non-resident alien athlete or entertainer (NRAAE):** an NRA performing personal services in a U.S. trade or business. Payments made to NRA individuals may be subject to withholding rules.
- (3) **Withholding agent:** is any U.S. or foreign person (including a corporation or other entity) that has the control, receipt, custody, disposal, or payment of any item of income of a foreign person subject to withholding.

4.64.1.1.7
(09-08-2020)
Acronyms

- (1) This table lists acronyms and their definition pertinent to the CWA program.

Acronym	Definition
CFR	Code of Federal Regulations
CWA	Central Withholding Agreement
DWA	Designated Withholding Agent
DWL	Directed Withholding Letter
ECF	Electronic Case File or Folder

Acronym	Definition
EFTPS	Electronic Federal Tax Payments System
FA	Final Accounting
GK	Gatekeeper
GM	Group Manager
IA	Installment Agreement
ICS	Integrated Collection System
IDR	Information Document Request
ILD	Internal Lead Development
ITIN	Individual Taxpayer Identification Number
IWA	Ineligible Withholding Agent
IWAL	Ineligible Withholding Agent List
MMA	Mixed Martial Arts
MM	Mail Merge
NRA	Non-resident Alien
NRAAE	Non-resident Alien Athlete or Entertainer
PC	Policy Closure
POC	Point of Contact
PII	Personally Identifiable Information
SBU	Sensitive But Unclassified
SPT	Substantial Presence Test
TE7	Tax Examiner grade 7
TE8	Tax Examiner grade 8
TIN	Taxpayer Identification Number
TS/RA	Tax Specialist/Revenue Agent
WA	Withholding Agent

4.64.1.2
(09-11-2017)

Case Development

(1) CWA cases are developed from two sources:

- a. **Internally:** The CWA grade 7 tax examiner (TE7) will research potential direct withholding leads using various techniques and criteria as established by the program manager. This includes but not limited to utilizing various external websites as well as internal sources in order to identify NRAAEs coming to the US for an event or tour.
- b. **Externally:** A request is made by the NRA athlete or entertainer for a CWA by submitting a CWA application, Form 13930, Application for Central Withholding Agreement.

Note: TE8s may be required to assist in TE7 duties based on inventory levels or management discretion.

4.64.1.2.1
(09-08-2020)
Case Numbering Format

- (1) Since not all applicants are able to provide a SSN/ITIN when applying for a CWA, and TINS are not available for all internal leads, case assignments are formatted using the following EIN Format (00-YXXXXZZ):
 - a. Digits 1 and 2 in the numbering format represent the leading number.
 - b. Digit 3 represents the fiscal year.
 - c. Digits 4 through 7 represent the numeric control.
 - d. Digits 8 through 9: if “00”, it represents the group case; if “01” through “99”, it represents the individual athlete or artist.

4.64.1.2.2
(09-08-2020)
Case Assignment Database (the “Grid”)

- (1) An assignment database, commonly known as the “Grid” is used to manage the creation and issuance of assignment numbers and serves as a record of new internal lead and external application assignments. The Assignment Grid is set-up by fiscal year as a document on the common server.
- (2) Cases will be added into the Grid by the CWA management assistant currently assigned as the gatekeeper (GK) or the current designee serving in that role.
- (3) Upon receipt of an internal lead or external application, the GK will review the Grid to verify that the application is not already associated with a current assignment covering the same tour dates.
- (4) Since group managers frequently need to update assignment fields in the Grid, the GK must accommodate their access requests by promptly saving and exiting the read/write version for these short intervals.

4.64.1.3
(09-08-2020)
Internal Leads

- (1) The program manager establishes the criteria used to identify productive leads. The criteria can change depending on available resources to work the leads. Leads generally must be submitted to the gatekeeper for assignment no less than 45 days (40 days for festivals) and no more than 60 days before the first event of a tour.
- (2) CWA TE7s generally conduct research on the internet to find NRAAEs competing or performing in the United States. TE7s should refer to their manager for current selection criteria and process used to locate leads.
- (3) The TE7 should attempt to identify the legal name of the NRA(s) through internet search(es)/research of prior cases.

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4.64.1.3.1
(09-08-2020)
Obtaining an Internal Lead Case Assignment Number

- (1) Once an internal lead has been identified for potential assignment, the TE7 will send an email request to initiate a case to the GK or the current designee serving in that role. The request must be included in an email to the GK and the email must include the following:
 - a. A statement that a new assignment number is requested for an internal case,

4.64 Central Withholding Agreement (CWA) Program

- b. The name of the band, country of origin, number of events, and the span of the events, and
 - c. A list of the band members' legal first and last names (if known), followed by the name of the band they are professionally known as (PKA) in parentheses; if band members' legal first and last name are unknown, the phrase "unable to locate full name" will be stated.
- (2) The GK will check the Grid for any current open assignments covering the same tour dates. If an open assignment covering those dates is found, the GK will return the lead to the originating TE7 without an assignment.
 - (3) If there is no open case covering those tour dates, the GK will forward the new assignment number to the originating TE7, name of the TE8 to whom the new internal case will be assigned, as well as the following information in the Grid format:
 - a. The new case assignment number for each NRA individual identified including the -XX extension for each member of a band,
 - b. The name of each band member with the band name in parentheses,
 - c. The date the request was received from the TE7,
 - d. The TE7's ICS assignment number,
 - e. The date the number was assigned to the TE7,
 - f. The group number to whom the TE8 is assigned,
 - g. The date of the first event,
 - h. The date of the last event, and
 - i. The designation of "I" [for internal].
 - (4) The GK will also provide any prior tour information for the current year and the two prior years; this will usually be included by copying and pasting from the prior year(s)' Grids.
 - (5) The GK has 2 business days from the day the request is received from the TE7 to reply with a new assignment number.

4.64.1.3.2
(09-08-2020)
**Internal Case Building
Procedures in ICS**

- (1) Once an assignment number is secured from the GK, the TE7 who identified the lead will create a case in the Integrated Collection System (ICS), inputting all required data.

Example Primary/Key Case Name in ICS	00-1234500 New Band *****
Example for Member Case	00-1234501 Artistfirst Artistlast (New Band)

- (2) The primary responsibilities of the TE7 upon receiving notification of an internal assignment from the GK, is to conduct case-building research, build the case in ICS and on the electronic case file (ECF) server, and forward the research to the TE8 (copy to the group manager) for assignment. Refer to the CWA SharePoint (SP) site for the document titled, *ICS Internal Case Building Procedures* for step by step instructions with illustrations.
- (3) Among the ICS entries is the "Internal" or "External" case designation. That designation is signified by a "grade code." The designation does not reflect the grade of the work but merely differentiates between the two types of cases. Grade code "11" is for internals and "13" for externals.

4.64.1.3.3
(09-08-2020)
**Completion of Internal
Lead Assignment**

- (1) The TE7 who identified the lead will ensure that the internal lead is built, complete, accurate, and timely transferred to the TE8 assigned to work the case by the GK. Although internal lead cases will generally be assigned to TE8s, TE7s may be required to assist in this work during certain periods as directed by the program manager. However, this work will account for no more than 25 percent of the TE7's workload.
- (2) The email sent to the TE8 from the TE7 who built the case must include the following components (see Exhibit 4.64.1-1, Internal Lead Template for the required format).
 - a. The subject line containing the phrase, "Internal", the number of events, and the time span of events. Sensitive but unclassified (SBU) data (including PII and tax information) must not be included in the subject line.
 - b. The case number shown at the top of the body of the email.
 - c. The words, "INTERNAL ASSIGNMENT".
 - d. The received date, which is the date the assignment number was received from the GK.
 - e. The name of the artist/band.
 - f. The number of event(s).
 - g. The span of tour date(s) (only 30 days are permitted in between events for the events to be included in the same lead). It also needs to be noted if there are current events that are less than 45 days out at the time the internal is created.
 - h. The "CASE INFO:" indicating the [Number of Artists] from [Artist(s) Country of Residence].
 - i. The list of band member(s).
 - j. Listing of Venue/Tour Dates. The TE7 will verify the accuracy of the venue information. (See IRM 4.64.1.3.6, Mail Merge Verification). If the TE7 updated the Mail Merge, "MM Add" or "MM updated" will be typed next to that venue.
 - k. In the event the "Electronic Case File" server (ECF) is down and the case building must be attached to the email until it can be later placed in the ECF folder. A listing of what the file attached to the email contains; the copy and paste of the website page will be prepared as an Adobe PDF document.

Note: Print screen applications such as Snag-it should be used sparingly and only when it is not possible to produce prints using Adobe PDF, as the size of print screen application files can be excessively large.
 - l. The New Case Assignment information provided by the GK.
 - m. The Prior/Current Year Tour Info copied and pasted by the GK; or "none" if this is the first tour, and
 - n. The name of the TE7 who built the lead.
- (3) The TE7 will copy (using the command "copy" only) the Electronic Case Folder (ECF) Exhibit 4.64.1-6 on the CWA ECF server Exhibit 4.64.1-5:
 1. The TE7 will open the assigned TE8's group folder.
 2. The TE7 will then open the assigned TE8's individual folder and paste the copied ECF assignment folder containing various subfolders.

4.64 Central Withholding Agreement (CWA) Program

3. The TE7 will rename the Electronic Case File folder using the five-digit ICS case number followed by the band/NRA key case name followed by the four-digit calendar year of the event(s).

Example ECF Folder Name:	12345 New Band 2021
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4. The TE7 will save the application document research file and internal assignment email in the first subfolder (“Assignments”) of the newly created ECF folder.
5. The TE7 will delete the Word and Excel documents) in the ECF folder (last two items) for an internal ECF:

Form to Delete for an Internal ECF	Document Type
00-Yggggnn CWA Entertainer	Word
CWA Excel Spread-sheet 20xx	Excel

Note: Documents copied to the ECF can be in any format, but Adobe PDF documents should be produced using the “Print to Adobe PDF” feature in order to reduce file size. Print screen applications such as Snagit should be used sparingly and only when it is not possible to produce prints using Adobe PDF, as the size of print screen application files can be excessively large.

- (4) The TE7 must complete all activity on the lead including the case number request, case-building work and TE8 ECF folder, within 2 business days. The TE7 will copy both the respective TE8’s manager and their own manager in the assignment email.

4.64.1.3.4
(09-08-2020)

Completion of Internal Lead for Festivals

- (1) An internal lead for a festival built by a TE7 is initiated and constructed in a similar way as the above sections with the following variations (see Exhibit 4.64.1-2):
 1. The TE7 will have been pre-assigned the lead by the manager based on a planned schedule of festivals typically constructed at the beginning of the calendar year.
 2. The TE7 will begin working their assigned festival so that the lead can be assigned to a TE8 at least 40 calendar days in advance of the first day of the festival.
 3. The TE7 will research the festival and identify the NRAs performing and determine whether they are performing other events.
 4. The TE7 will also research all festival promoters, identify a festival point of contact (POC), and include the information in the lead “package”.
 5. The TE7 will request from the GK an assignment number for the entire festival (-00 case). Each NRA performing at the festival will be assigned a number, e.g. -01, -02, etc., and the name of the band will be included with the name of the individual. The festival will be assigned to a TE8 who will be the IRS POC in a new festival rotation that the GK will keep).

6. Occasionally festivals will be assigned to a TS/RA per managerial direction.

Note: If the NRAs have other event(s) besides the festival, these will be assigned by the GK to the TE8 in normal rotation; in this case the TE7 will notate in the assignment email that the festival is being worked separately and will provide the name of the TE8 as the POC.

4.64.1.3.5
(09-08-2020)
**Completion of Internal
Lead for a Fighter/Boxer**

- (1) An internal lead for a Fighter/Boxer found by a TE7 is initiated and constructed in much the same way as the above sections with the following variations (See Exhibit 4.64.1-3, Internal Boxer / MMA Lead Template):
 - a. The request for an assignment number made to the gatekeeper (GK) must include all NRA fighters/boxers identified on a fight card and their information.
 - b. All boxers on a fight card must be assigned to the same TE8. However, a separate assignment email must be prepared for each individual boxer. The subject line of the email must indicate “1 of x”, “2 of x”, etc., where x represents the total number of NRA boxers from the fight card identified as internal leads.
 - c. In assignment email, the TE7 will write “PROMOTER” followed by the promoter’s company name, name of contact person, address, phone, and fax, if available. If there is more than one promoter, the TE7 will provide a list of the promoters with all of the above information, if available.
- (2) The zipped file pasted to the ECF folder must contain an Adobe PDF version of the research obtained through the boxing/fighter website.

4.64.1.3.6
(09-08-2020)
Mail Merge Verification

- (1) The TE7 who builds the internal lead should copy the current Directed Withholding Letter (DWL) Mail Merge (MM) spreadsheet from the CWA shared drive onto their computer on a daily basis. While working internal leads, the TE7s must use the (DWL) Mail Merge (MM) spreadsheet from the most recent copy saved onto their own computer. While working internal leads, the TE7s must not use the spreadsheet stored on the shared drive.
- (2) The TE7 building an internal case will first identify the venues and event dates for a specific case. After the venues and dates have been identified, the TE7 will research the DWL MM spreadsheet to identify whether the venues identified are listed. If they are listed on the mail merge, no further action is necessary.
- (3) If the venue is not listed on the DWL MM spreadsheet then the TE7 will conduct the necessary research to locate the venue contact information and include that information in an email. See (6) below.
- (4) Not all venues are listed on the DWL MM spreadsheet. The TE7 will conduct internet research, and use available phone numbers to call venues and promoters, the boxing commission, etc. to obtain or verify the venue or promoter addresses, phone numbers, and fax numbers.
- (5) If there are any corrections to the information shown in the DWL MM spreadsheet, including adding a venue, the TE7 will complete the “Venue Update Template for MM.xls” (available on the CWA SharePoint). The TE7 will include in that spreadsheet document the following corrected information:

4.64 Central Withholding Agreement (CWA) Program

- a. Venue Name
- b. Fax Number
- c. Venue Contact
- d. Venue Address, first line
- e. Venue Address, second line
- f. Venue City, State, and Zip Code
- g. Salutation
- h. Voice Phone Number
- i. Other Phone Number

- (6) The TE7 will email the document to the employee assigned to update the mail merge file.
- (7) The TE7 will annotate in the Internal Lead Development (ILD) email package to the assigned TE8 working the internal lead that the individual venue has been updated with "MM Add" or "MM updated."
- (8) If the TE7 can only locate partial information, for example if the address is found but no phone number or fax number, the TE7 will also indicate in the ILD email what information could not be found.
- (9) If the TE7 cannot locate contact information, the TE7 will notate in the ILD email, "Contact Information Not Found."

4.64.1.4 (09-08-2020)

CWA Grade 8 TE (TE8) Responsibilities Overview

- (1) The TE8 working the internal case has the following general responsibilities:
 - a. Reviewing the electronic case file prepared by the TE7 for completion,
 - b. Reviewing documents submitted in response to directed withholding letters (DWL) to determine whether individuals identified in a lead are U.S. persons not subject to withholding and/or determine whether venues truly qualify as a four wall not required to withhold because the venue has no control, receipt, or custody of any revenue collected from ticket sales or any payments made to the artist,
 - c. Ensuring any Form 2848 or Form 8821 received has been processed,
 - d. Making calls to venues not previously contacted by the program,
 - e. Maintaining an accurate and timely case history in ICS,
 - f. Creating and issuing Directed Withholding Letters (DWLs), and follow-up letters when necessary,
 - g. Responding to questions by withholding agents, authorized representatives, and/or taxpayers,
 - h. Updating the Month End Report on a timely basis and reconciling at month end to ICS,
 - i. Creating and maintaining the case files on the electronic case file server,
 - j. Prioritizing activities on their assigned inventory of case files,
 - k. Determining when the issuance of a rescission letter is appropriate,
 - l. Completing "Policy Closures",
 - m. Meeting time frames on activities,
 - n. Keeping the manager apprised of events that warrant manager involvement or approval,
 - o. Closing cases timely.

4.64.1.5 (09-08-2020)

Receipt of Internal Lead Assignment by the TE8

- (1) Upon receipt of the internal lead email, the TE8 will take these actions on the new assignment:

- a. Review the case information to ensure that all of the information needed is included in the electronic case file.
- b. Conduct additional research to determine whether any events have been added to the itinerary or cancelled, and update information as needed.
- c. Conduct additional research to verify contact information provided in the lead by the TE7 as needed.
- d. Copy the current version of the DWL mail merge spreadsheet into the ECF associated with the assignment.

4.64.1.5.1
(09-08-2020)
**Managing the Internal
Case Assignment**

- (1) TE8s are expected to prioritize their inventory. The TE8 must generally create and issue the Letter 4272, Directed Withholding Letter – NRA (DWL), along with the Form 13920, Directed Withholding and Deposit Verification, at least 35 but no more than 60 days in advance of the first event. However, if a case is received less than 35 days before the first event, the TE8 must create and issue these documents within 3 working days of receipt of the case.

Exception: If the venue has a date/entry in column AA of the DWL Mail Merge (MM) spreadsheet (see the CWA SharePoint), indicating that mail was returned from the venue, then the TE8 does not need to send a DWL to that venue.

- (2) TE8s should do additional research up-front, especially if time has elapsed between the time the case is received and the issuance of the first letter. For example; The TE8 should identify if additional event dates have been added by the NRA.
- (3) If the lead is a festival, the TE8 is responsible for the case like any other internal, including follow-ups, etc.
- (4) Unique for festivals is that regardless of whether we have mailed DWLs to the festival in the past, the TE8 is required to contact that festival's POC within 7 calendar days after the DWL is issued to see if the festival POC has any questions.
- (5) If the NRA is a boxer, fighter, or mixed martial arts fighter, generally, the DWL would be addressed to the **promoter** rather than the venue.
- (6) The DWLs can be sent to the WA via mail or eFax if that number has been verified. The MM function (See IRM 4.64.1.3.6) must be utilized to produce the required letters. The TE must use a template to document in ICS that the letters were sent and must clearly indicate the date of the email request to have the letters mailed by another employee, or the date the letters were mailed, faxed/eFaxed by the TE8 along with row(s) pasted from the DWL MM spreadsheet. The ECF documentation that the letters were sent will be met by including a signed copy of the letter in the ECF, subfolder 4, "DWLs and Letters".
- (7) The follow-up dates within ICS must be used to schedule subsequent mailings, calls, and case closure alerts.
- (8) If a deadline is missed, the TE8 must document in ICS the reason why. These entries must be contemporaneous to maintain an accurate history. Additionally, the TE8 must notify the group manager, explaining the reason.
- (9) The TE8 must document daily in ICS the receipt of any Form 13920, *Directed Withholding and Deposit Verification* and any confirmations from the EFTPS.

4.64 Central Withholding Agreement (CWA) Program

The TE8 will utilize the ICS template items (see the CWA SharePoint site). If a form is received on a non-workday, then the TE8 must document its receipt on the next workday. Receipts of the forms must be reflected by the TE8 on their grid.

- (10) The TE8 must send the follow-up Letter 4467, *Deposit Verification Reminder* Deposit Verification Reminder within 5 business days after a performance. Alternatively, the letter for performances taking place during the same week can be held and mailed by Wednesday of the following week. Letter 4467 is only necessary where payment has not been confirmed, as described in (7).

4.64.1.5.2 (09-11-2017)

Types of Directed Withholding Letters (DWLs)

- (1) Directed Withholding Letter (DWL) and Form
- a. Letter 4272, Directed Withholding Letter - NRA
 - b. Letter 4271, Directed Withholding Revision Letter
 - c. Letter 4270, Directed Withholding Rescission Letter
 - d. Letter 4467, Deposit Verification Reminder
 - e. Letter 4469, Directed Withholding Sponsor Letter
 - f. Form 13920, Directed Withholding and Deposit Verification
- (2) The TE8 will issue a Letter 4272, Directed Withholding Letter - NRA, to WAs when the individual or members of the group are all NRAs. When the group is comprised of both NRAs and US persons and the case worker has verified which members of a group are NRAs, the Letter 4272 will be issued to the venue listing only the NRAs and directing that an allocated amount of the settlement be withheld.

Example: A four-person group has one U.S. person. In this scenario, the TE8 will issue a Letter 4272, to the venue listing only the 3 NRAs and directing that 30% of 75% of settlement be withheld and distributed equally. If verification of different percentages of ownership is subsequently provided, the amount of the directed withholding can be adjusted.

- (3) **Revisions:** The TE8 issues the Letter 4271 to the venue or other WAs when the NRA is an independent contractor, does not share in the profit or loss, and receives a fixed amount for the event. This typically occurs after the Letter 4272 had been issued and either the venue or artist contacts the TE prior to sending out the Letter 4271. A copy of the contract between the NRA and WA should be secured to confirm they are not a profit-sharing owner and are only entitled to a flat fee.

Note: The authority to disclose a specific amount of withholding to the WA is based on IRC 6103 (a) and IRC 6103 (e).

4.64.1.5.3 (09-08-2020)

Delivering a Directed Withholding Letter (DWL)

- (1) DWLs prepared on behalf of another CWA employee will be signed by the creator of the DWL “for” the assigned case worker.
- (2) The date and the location of the event will be considered when determining which type of delivery method to use. Taking into consideration these factors, the following are acceptable methods for delivery:
- a. Fax or eFax (if confirmed)
 - b. U.S. Postal Service

- (3) The CWA employee must be diligent in taking steps to secure the correct address and contact point for the WA. Inquires may be needed to the withholding agent to locate the department or person responsible for paying and withholding on NRA compensation. Securing good contact information will assist in ensuring that the correct withholding is done.
- (4) When new venue contact information is secured, it will be forwarded to the MM database liaison. The MM will be updated with the new contact information (The CWA Mail Merge Update template is available on the CWA SharePoint site).
- (5) A copy of the signed DWL must be printed to Adobe PDF and maintained in the electronic case file (subfolder 4, "DWLs and Letters"); this is also true for rescission and follow-up letters.

4.64.1.5.4
(09-08-2020)
Rescinding DWLs

- (1) Once a 30% DWL has been issued and the event date/settlement has passed, no rescission letter will be issued.
- (2) If a CWA is executed and DWLs were previously issued, the CWA supersedes DWLs for any dates after the CWA is signed by all parties. It is not necessary to rescind the DWL.
- (3) If a DWL has been issued and the CWA employee finds that the individual NRA(s) are not subject to withholding, Letter 4270, Directed Withholding Rescission Letter will be issued. Issuance of Letter 4270 should be limited to situations where a determination has been made that the artist/athlete is either a US person or US resident and not subject to IRC 1441 withholding. If a venue claims to be a four wall, then a Letter 4270 is not applicable. The venue is asserting that they aren't required to pay the artist/athlete and are not required to withhold.
- (4) The manager must approve any request for rescission of DWLs, unless the request is related to a U.S. passport or Green card determination.
- (5) A copy of the signed rescission letter must be printed to Adobe PDF and maintained in the electronic case file (subfolder 4, "DWLs and Letters").

4.64.1.5.5
(09-08-2020)
**Request for CWA after
DWL Issued**

- (1) If the event or tour is complete, a CWA request will be not be considered.
- (2) If the event or tour has not begun, the CWA application must be received in the Downers Grove, IL office 45 days prior to the day of the first event on the application's itinerary. Otherwise, a CWA request will not be considered.
- (3) If the event or tour has begun but the tour is not completed, the application will be reviewed to ensure that it only include dates that are 45 days or more from the date of application.

4.64.1.5.6
(09-11-2017)
**Special Handling –
Letters Issued to Indian
Tribal Governments
(ITG)**

- (1) The Indian Tribal Governments (ITG) office in the Tax Exempt and Government Entities Operation Division (TE/GE) serves as the gateway for all Service interactions with tribes and their entities. The ITG office serves as the central point for all Service contacts with federally recognized Indian tribes. This includes requests for assistance with CWA matters.

4.64 Central Withholding Agreement (CWA) Program

- (2) Requests by a CWA employee for assistance can be made by contacting the Specialist Referral System (SRS) or the ITG manager found on the ITG Website. ITG will assign a specialist to work with the CWA employee in contacting the ITG entity.
- (3) The CWA employee will not contact a tribal casino without coordinating with ITG. The CWA employee should check the DWL MM list to determine if the casino is marked in red as a tribal casino. If the casino is not listed, the CWA employee will conduct additional research to determine if it is a tribal casino.
- (4) The TS/RA or TE8 will prepare a DWL and route it to the ITG specialist for delivery. The ITG specialist will forward the DWL to the ITG group assigned to the venue. The ITG specialist assigned to the venue will deliver the DWL and notify the CWA employee of its delivery.
- (5) The CWA employee may answer questions from the tribal casinos.
- (6) If the venue is non-responsive, The CWA employee will notify the ITG specialist assigned to the venue. The ITG specialist will follow-up with the venue and inform the CWA employee of their findings.

4.64.1.5.7
(09-11-2017)

Contact with Withholding Agents

- (1) A TE8 will generally interact with the WA. The WA is the individual having control, receipt, custody, disposal, or payment of the compensation to the NRA.
- (2) The TE8 must attempt to contact WAs that are new to the DWL MM spreadsheet (or where their address has been updated by a TE7 during the development process). This will usually be reflected in the email package stating that an "MM ADD" has occurred. The TE8 must contact that new venue within 5 business days before the first event date and document those contacts and the discussions held in the ICS history. The documenting will include who a conversation was held with, their title, their phone number; or alternatively if a voice mail was left, what information was left. When the information on contacts is incorrect, steps must be taken by the TE8 to make those changes on the MM. (See the CWA SharePoint for the CWA Mail Merge Update template).
- (3) The TE8 will answer inquiries from WAs, authorized representatives, and/or NRAs. The TE8 will address any concerns raised in a timely manner. In most cases, the response time will be within 1 business day. These interactions must be documented in the ICS case history. Questions concerning more complex issues of e.g., tax law should be elevated to the manager as necessary.

4.64.1.5.8
(09-08-2020)

Claims that 30 Percent Withholding is Not Required

- (1) After the issuance of a DWL, the athlete/artist, representative, or the WA may respond claiming the NRA is not subject to the 30 percent withholding. The TE8 is required to determine whether the claim is correct if it relates to a case in their current inventory. The TE8 will need to obtain managerial approval to PC the case, issue rescission letters, and/or re-issue DWLs when claims involve treaty exemptions, U.S. residency under the substantial presence test, or four-wall rentals.
- (2) **U.S. Person:** If an artist/athlete claims to be a US person then the TE8 must:

- a. Secure SSN and utilize IDRS command codes to confirm this information. Command Codes DDBKD, RTVUE, and TRDBV can be used for this purpose. Additionally, in the case of electronically filed returns, the information can be secured through the Employee User Portal (EUP), or
 - b. Secure a copy of US passport or birth certificate.
- (3) **U.S. Resident:** If an artist/athlete claims to be a US resident, the TE8 must either:
- a. Secure a copy of the Lawful Permanent Resident Card (commonly known as a “Green Card”), or
 - b. Advise that they would otherwise have to meet the Substantial Presence Test (“SPT”). In this event, the TE8 must secure verification that the athlete/artist meets the SPT requirement as of the tour dates identified in the DWL. This could be a copy of their passport or VISA dates. The NRA artist must provide the documentation to support their claim.
- (4) **Four Wall Rentals:** A venue is considered a rental only when the facility is rented by the artist or promoter for a performance or event and no other services are provided as part of the rental e.g. ticket sales, merchandise sales, promotions, etc.
- a. If the TE8 is advised that the venue is a four-wall rental, they will verify the information by checking available resources to determine if the venue is in fact a four-wall. For example, the TE8 will consider whether the venue sells tickets, merchandise, or has promotions for the event. If the venue engages in these activities, it is not considered to be a four wall.
 - b. The venue may be a four-wall rental for a specific event and non-four walled for other events. Each event stands on its own and the TE8 must confirm each event and not simply rely on prior history.
 - c. If the event is determined to be a “four-wall” rental, the TE8 will request sufficient information from the venue as to the renter (i.e. the promoter) and reissue the DWL to the renter if the event has not occurred.
- (5) **Treaty Exemptions:** The NRA may assert a treaty exemption.
- a. One of the more common scenarios is when the NRA, venue, or WA states that they will provide a Form 8233, Exemption from Withholding on Compensation for Independent (and Certain Dependents) Personal Services of a Nonresident Alien Individual. Instructions on this process are provided in the Form 8233 Instructions.
 - b. It is the responsibility of the NRA to notify the TE8 if a Form 8233 was submitted to the IRS Philadelphia, PA office; that they have waited the 10 days required for the IRS to deny the application; and then provide a copy of the Form 8233 to the TE8. It is only at that time that the TE8 will be able review the Form 8233 to determine with manager concurrence, that no withholding will be done and issue a Letter 4270, Directed Withholding Rescission Letter.

4.64.1.5.9
(09-08-2020)
Policy Closures

- (1) **U.S. Person Classification:** If it is determined that the NRA identified is in fact a U.S. person, the case file is closed in ICS as a “Policy Closure” – U.S. Person. The Green Card number must be entered into the ICS history using the “Green Card Template” provided on the CWA SharePoint site. This type of closure does not require managerial approval.

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- (3) **Cancellation and/or Nonperformance:** If it is determined that the tour has been cancelled or that the NRA will not perform, the case file is closed in ICS as a “PC – non-performance”. In this instance, the CWA employee does not need to consult with the manager for a determination. The electronic case file and the record on ICS can each be closed without managerial approval. The TE8 will document in the ICS history the decision-making process used in making their determination, will place supporting documentation in the electronic case file, and note in the case history that an email was sent to the group manager notifying them to move the case out of their ECF view for closure.

4.64.1.6
(09-11-2017)
Payment Processing

- (1) Payments secured by CWA employees must be posted in a timely manner in order to protect withholding revenue.

4.64.1.6.1
(09-08-2020)
Electronic Federal Tax Payments System (EFTPS)

- (1) TE8s must direct WAs to use the EFTPS system. In order to avoid a 10% failure to deposit penalty (FTD), Form 1042, Annual Withholding Tax Return for U.S. Source Income of Foreign Persons, withholding payments must generally be made using EFTPS or next-day wire transfer. Withholding agents not already enrolled in EFTPS may enroll via <https://www.eftps.gov/eftps/>.

4.64.1.6.2
(09-08-2020)
Receipt of Paper Checks

- (1) The WA may elect to send a paper check to CWA employees. Any check received by the employee, must be shipped overnight to Ogden for processing (See IRM 4.4.24.2 *Form 3244-A*), Research of IDRS or follow-up contact with the WA may be required to determine an NRA’s EIN which is needed for processing of the payment.
- (2) CWA employees will follow LB&I Guidelines as to the handling of payments based on the dollar amounts. Specifically,
 - a. Address all remittances of **less than \$100,000** to:
Internal Revenue Service
R & C Operations Manager
Mail Stop 1999
1973 North Rulon White Blvd.
Ogden, Utah 84201-1000.
 - b. Address all remittances of **greater than \$100,000** to:
Internal Revenue Service
R&C Operations Manager
Mail Stop 2003 1973 N. Rulon White Blvd.
Ogden, Utah 84201-1000.

These larger remittances need an email (no taxpayer data) to &CTR ODN Ogden Tellers with the following information:

Date the remittance was mailed

Amount of the payment

UPS tracking number

- (3) IRM 4.20.3.5 Processing Payments Received, requires that remittances be perfected before being shipped to the Ogden Tellers Unit. It further states that if the payee section is left blank or illegible or has the initials "IRS," it must be over-stamped with the words "United States Treasury."
- (4) All remittances must be sent via overnight UPS traceable mail on the day of receipt or as soon as possible the following business day.
 - a. The payment must include Form 3244-A, Payment Posting Voucher - Examination and a Form 3210, Document Transmittal.
 - b. The CWA employee releasing the Form 3210 must provide both a copy of the origination and the confirmation to the manager for the group's internal controls. This can be done most efficiently by putting the manager's address including stop number in the **From** box in the lower left.
- (5) The employee completes the Form 3244-A, Payment Posting Voucher - Examination, with the following information unique to payments received as withholding:
 - a. TIN of the WA,
 - b. Form number of "1042" and MFT of "12", and
 - c. Transaction Data to include Code 670, "Subsequent Payment."

Reminder: The WA is required to have an Employer Identification Number (EIN). If they do not have one, they must be directed to *Employer Identification Number* to obtain an EIN, also known as a Federal Tax Identification Number (TIN). An EIN can be obtained immediately by applying online.
- (6) The Form 3210 must include the WA's name, TIN, MFT, the tax period to which the payment will be applied, the dollar amount of the check and the UPS tracking number. IRS shipping policy requires that all documents be placed in an "Open By Addressee" envelope, inside the UPS mail envelope, and senders must affix a mailing label to both the inside envelope and the outside envelope.
- (7) Any delays must be noted in the ICS case history. In the event a delay extends to *5 calendar days* from the receipt of a check, the manager will be notified. IRM Exhibit 4.4.24-1 covers preparing the Form 3244.

4.64.1.7
(09-08-2020)
**Closing the Internal
Lead Case**

- (1) The TE8 must close the internal case within the following time frames:
 - a. Thirty days after the final event for which a directed withholding letter (DWL) has been issued, or
 - b. If all EFTPS deposits are verified, sooner but no later than 30 days, or
 - c. In the case of a PC, within 10 days after the last case action.
- (2) Prior to closing an internal case, a closing case history summary is required. The items that must be included are:
 - a. **NRAs:** List the names of each NRA subject to 30 percent withholding.
 - b. **Tour Period:** List the date range of the tour.
 - c. **Number of Events:** List the number of US events.
 - d. **Withholding Confirmations Received:** Indicate the date of the event and venue name.

4.64 Central Withholding Agreement (CWA) Program

- e. **Withholding Confirmation Not Received:** Indicate the date of the event and venue name.

Note: The previous two fields must be updated after the case is closed if a withholding confirmation is subsequently received and appropriately forwarded to the GM for inclusion in the electronic case file.

- f. **Referral Recommendation:** Was an Exam, Collection, or Criminal Investigation Division (CID) referral recommended? If so, list the NRA name and basis for the referral.

(3) Location Codes are updated and maintained by the TE8 to denote current case status and must be updated as follows:

- a. 0101 – Case started, individual grid updated, DWL not issued
- b. 0501 – Issuance of DWL
- c. 9001 – Upon Closure

(4) TE8s are required to also close their electronic case files by notifying the group manager with an email that the case is ready to close. Electronic case file folders will include the following:

- a. A copy of the complete ICS history (last item, not placed in a subfolder),
- b. A copy of the signed Directed Withholding Letter(s) (place in ECF subfolder 4, “DWLs and Letters”),
- c. Form 13920, Directed Withholding and Deposit Verification, (place in ECF subfolder 7, “EFTPS and Deposit Confirmations”),

Note: If a Form 13920, Directed Withholding and Deposit Verification, is received from a WA after the associated case file is closed, the TE8, after notating the ICS case history and updating the TE8 grid, will forward the form to the GM.

- d. Form 2848 and/or Form 8821, if applicable,
- e. The case building zip file (ECF subfolder 1, “Assignments”), and
- f. Other correspondence

Note: Any documents received not currently in electronic format will need to be scanned and placed in the electronic case file.

(5) The group manager will **copy** the electronic case folder from the TE8’s ECF folder to the GM’s ECF view in the “Closed Cases for GM” folder after reviewing the file for completeness. The group manager will then delete the original ECF case file in the respective TE8’s folder. The copy and paste method must be used by the group manager instead of cutting or dragging the ECF file in order to retain the different permission structures on the different levels of the electronic case file audit server. Moving of a previous month’s closed cases out of the GM’s “Closed Cases for GM” folder will be done by/ with the manager’s monthly reconciliation for that month of ICS/grid reports, and the file transfer will be out to the calendar year folder in the ECF server structure that represents the performance year (last four characters in the ECF file case name) by pasting the folder there.

4.64.1.8 (09-08-2020) External Case Assignments

- (1) Applications for CWAs are received by the gatekeeper (GK) in Downers Grove, IL. The GK:
- a. Creates the external case and will assign the cases to the group.
 - b. Forwards the external lead to be built to a TE7 on a rotational basis.

- (2) Once the lead package (ECF) is completed and placed in the “Unassigned Cases” folder for the group assigned, the TE7 forwards the case assignment (email) to the group manager of the group assigned.
- (3) The group manager assigns the cases to the inventory of the individual TS/RA by moving the ECF from the “Unassigned Cases” folder on the server to the employee’s ECF folder.

4.64.1.8.1
(09-08-2020)
**Case Assignment
Database (the “Grid”)**

- (1) An assignment database also known as the “Grid” is used to manage the creation and issuance of sequential assignment numbers as well as a record of new external and internal leads. The Grid is maintained by fiscal year.
- (2) The GK inputs cases into the Grid.
- (3) CWA applications arrive by fax to the GK (and on rare occasions by Federal Express or UPS to the Downers Grove CWA address) - these must be monitored by the GK or acting GK throughout the day to ensure they are within the 45-day rule and to ensure that the following documents are included with the application:
 - Form 13930, Application for Central Withholding Agreement
 - Form 2848, Power of Attorney and Declaration of Representative, or Form 8821, Tax Information Authorization, for each NRA listed on the 13930
 - Perjury statement
 - Budget - must show the \$10,000 gross income threshold per applicant is met

Note: Check the budget to make sure each NRA meets the \$10,000 threshold; if there are questions the GK should contact the program analyst

 - Itinerary
- (4) If these items are not *received* by CWA personnel timely (45–day rule) or an applicant does not meet the threshold gross income requirement IRM 4.64.1.10, then issue Letter 4288, No Central Withholding Agreement (CWA), to the representative.
- (5) Otherwise, the GK will review the Grid to verify that the application is not associated with a current internal assignment with the same tour dates. This is to ensure that an external case is not created on an internal case already in process.
- (6) If the GK determines that the application is associated with a current internal assignment, and the TE7 is still in process of building the internal lead:
 - a. The GK will communicate with the TE7 by email with a cc to the TE7’s manager to advise them that the internal lead is no longer needed. The case number will be retained but revised to be an external assignment to be worked by a TS/RA rather than a TE8 case worker. The GK will advise the TE7 that the case is to be forwarded to a group manager. The GK will document in the current open case history with the application received date, tour dates, and the fact the application was forwarded to the group manager.

4.64 Central Withholding Agreement (CWA) Program

- b. The TE7 will revise the lead to that of an external lead as described in IRM 4.64.1.8.2, Building the External email. The case will be forwarded to the group manager that the GK has indicated.
- (7) If the case is further along in the process and had already reached the TE8 as a completed internal lead package, that TE8 will complete the steps needed to ready it as an external lead. The TE8 will make the appropriate notations in their ICS file that the case became an external.
- (8) If determined NOT to be associated with a current assignment, the GK will update the Grid with the following fields:
 - a. Assignment Number (in sequential order)
 - b. Name of NRA/Group Name
 - c. Date Application Received
 - d. TE7 assigned and date assignment email sent to TE7 for case building
 - e. Group Assigned, i.e., the group to receive the assignment
 - f. First Tour Date
 - g. Last Tour Date
 - h. Designation of "E" for external application
 - i. (Designated) Withholding Agent
 - j. Contact Person listed on the application
 - k. Withholding Agent EIN
 - l. Optional Notes
- (9) The GK will research the Grid to identify past assignments (two previous year grids) and include those results along with the new case information when sending the TE7 the email of assignment for case building.
- (10) Once the Grid has been updated or otherwise populated with the first thirteen fields/columns by the GK's input and once any prior assignment(s) are identified, the GK will forward the application documents to the TE7 assigned for case building via the email of assignment, along with an indication of which TS/RA group will be working the CWA case. The TE7s will be assigned based on a rotational basis.
- (11) The number of cases each group receives in their rotation is in the top right of the Grid.

Note: Rotation within a group may change at manager's discretion

- (12) For external cases, the next three columns on the grid must be completed by the manager or acting manager for the group assigned:
 - Date assignment is received by the group manager for an external case
 - Date the manager assigns an external case
 - The name of the TS/RA assigned to work the case

Note: This information must be entered on the grid by the TS/RA Group Manager within 2 business days of *their* receipt of the email of assignment for an external case

4.64.1.8.2
(09-08-2020)
Building the External Lead

- (1) The assignment notification must be completed and forwarded by email within 2 business days of the date that the application is received by the TE7 from the GK. There may sometimes be unusual circumstances that prevent the TE7 from meeting this deadline. In these situations, once the TE7 creates the case in ICS, the TE7 must notify the manager for approval and the manager will make a notation in the ICS case history.
- (2) The Electronic Case File (ECF) must be built by copying (right mouse click and select “copy”) the Electronic Case File folder Exhibit 4.64.1-6 located on the Electronic Case File (ECF) server Exhibit 4.64.1-5 and pasting it in the “Unassigned Cases” folder located in the group folder for the TS/RA team that will be working the CWA. The case builder will rename the folder using the 5-digit ICS case number and band/NRA name for the main case followed by the four-digit calendar year.

Example	12345 New Band 2021
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- (3) The information found on industry websites relating to the NRAAE must be captured and saved to the ECF, subfolder 1, “Assignments”. This item requires Adobe PDF prints of the web page and will typically include (but not limited to) the Celebrity Access (CA) Profile, the CA Current Year Events, the CA Historical information, the Wikipedia file, the artist(s) web page, the Jambase information, Pollstar event dates, and Songkick dates.

Note: Print screen applications such as Snagit should be used sparingly and only when it is not possible to produce prints using Adobe PDF, as the size of print screen application files can be excessively large.

- (4) The IDRS prints relating to the application must be transferred or saved to the ECF, subfolder 1, “Assignments”. This item includes CFINK; DDBKD; and for each band or team member: INOLES, IMFOL-I, IMFOL-T for the prior three years of returns that are due and filed (or on extension), and the TXMODA showing the TC 971 posting submitted by the TE7. The data available for each NRA may vary. The TE7 will place a TC 571 code in IDRS for the year of the event.
- (5) The “CWA Excel Spreadsheet” is the last items in the ECF case folder before the ICS History is finalized (these are not placed in any subfolder). The TE7 will complete fields on several of the initial tabs on the CWA Excel Spreadsheet:
 - a. The CWA Merge Fields Tab, which has space (rows) for up to 20 artists associated with a CWA application, has input cells (yellow) that are pre-populated with prompts of what needs to be entered. The first 30 highlighted columns must be addressed for each CWA applicant by the TE7 building the case:

Fields	Description
Case Number	the assignment number provided by the GK

Fields	Description
SSN/ITIN	To be completed by the TS/RA
Artist & Band Names	the TE7 will refer to the POA form included with the CWA application for the correct artist names to be input.
Marital Status	the TE7 will refer to the CWA application for the status to be input.
Resident Country	the TE7 will refer to the CWA application for the residence location.
Artist and POA address, phone & fax	the TE7 will refer to the CWA application for the artist (must have a valid 8821 or 2848 authorization) contact information, and to the Form 2848 and/or 8821 for the representative's name (start with "ATTN: POA Name"), address, phone, and fax (only one representative will be added to the spreadsheet).
Withholding Agent, address, phone & fax	the TE7 will refer to the CWA application for the withholding agent contact information.
Band name & TIN	the TE7 will refer to the CWA application for the band name and to see if there is an associated TIN in box 1L.

Note: After all artists have been entered, delete the default information for the remaining lines not used from columns A-L. The TE7 will also clear all the information in the street address fields that are not used, typically the last address fields before the city and state are entered.

- b. The Compliance Checksheet tab must be completed by the TE7 based on the contents of the application and on the IDRS/research required.

Fields	Description
Budget	Yes or No
Itinerary	Yes or No
Deal Memos	Yes or No
2848 or 8821	One for each artist a. Most recent version b. Necessary signatures c. Years covered
Years the NRAAEs toured	The TE7 will refer to the CWA application for the country to be input.
SSN/ITIN	Yes or No and if valid
IDRS Research	Check off Year by Year

Note: TE7s should work with their manager to determine if or when they should make POA telephone contact; occasionally the IDRS research, even with the date of birth and filing address put into NAMES, does not result in a hit for missing SSN/ITINs. In such situations, the TE7 group manager may approve the issuance of Letter 4288, No Central Withholding Agreement (CWA), by the TE7, but only if the checksheet reveals the artist/band toured in a prior year for which a filing deadline has passed. A signed copy of the Letter 4288, No Central Withholding Agreement (CWA) issued by the case-builder will be placed in the ECF, specifically in subfolder #4, "DWLs and Letters", and the case will be closed in ICS instead of assigned.

- c. The Exhibit A tab must be populated by the TE7:

Fields	Description
Column A	In the highlighted portion, list all event dates from Exhibit A or sheet with tour dates/venues (the next column is auto-populated).
Column C	Key in city and state
Column D	Key in venue name

- (6) Add the case into the ICS software system (see IRM 4.64.1.3.2 Internal Case Building Procedures in ICS).
- (7) The email completed by the TE7 must include the following components (See Exhibit 4.64.1-4 for required format).

4.64 Central Withholding Agreement (CWA) Program

- a. The subject line to contain the “Group number XXXX,” the phrase, “New External,” the number of events, and the dates over which the events will span. No SBU data (including PII and tax information) can be included in the subject line.
- b. The case number shown at the top of the body of the email.
- c. The words, “EXTERNAL ASSIGNMENT” with the Group XXXX in parentheses.
- d. The received date, which is the date the assignment number, was received from the GK.
- e. The name of the artist/band.
- f. The number of event(s)
- g. The span of tour date(s).
- h. The “Case Info”, consisting typically of the place of origin/home country, e.g. “Band from UK”.
- i. The authorized representative’s information including the name, address, and phone number.
- j. The WA information including the name, address, and phone number.
- k. List of the individual band member(s) assignment number(s), e.g., -01, 02, etc. followed by their name, date of birth, and SSN.
- l. Whether the band is operating as a business with a “Y” or an “N”.
- m. Indication of whether the TC 971 information has been input into IDRS with a “Y” or “N”.
- n. Indication of whether the file includes the authorized representative’s information with a “Y” or “N”.
- o. Indication of whether the following have been included with the application: the Form 13930, including the Perjury Statement; authorized representative form; Itinerary; and Budget with a “Y” or “N”.
- p. The phrase “NEW ASSIGNMENT” with the copy and paste provided by the GK.
- q. The phrase “PREVIOUS ASSIGNMENT” with the copy and paste provided by the GK.

4.64.1.8.3 (09-08-2020) **ICS History**

- (1) The TE7 will document in the ICS case history the actions taken as shown in the email of assignment. This requirement is satisfied with a copy and paste of the contents of the completed external email of assignment into an ICS entry. If there are other noteworthy actions taken, the TE7 will make a separate entry in the ICS case history to reflect those actions.

4.64.1.8.4 (09-08-2020) **Assignment of the Case to the Tax Specialist or Internal Revenue Agent**

- (1) Once the case building process has been completed by the TE7, they will forward the email to the manager of the assigned group.
- (2) Case assignments will be distributed to the group managers on a rotational basis: Rotations will be determined based upon the number of TSs/RAs working in the group. Rotations may change as personnel changes are made.
- (3) After receipt of the new external case from the TE7 who built the case, the receiving group manager has 2 business days to assign the case on ICS and note this assignment in the three columns of the assignment grid after the GK’s entries. The group manager will conduct a cursory review of the application and research in the ECF file (subfolder #1, “Assignment”) to determine if there are particular issues that should be addressed. The manager will notate that review in the ICS case history. However, it is the ultimate responsibility of the TS/RA assigned to ensure that all compliance issues and procedural matters have been addressed and up-front casework completed.

- (4) Concurrent with assignment of the external case, the group manager will update the Grid reflecting the date that their team was assigned the case, TS/RA assigned to the case, and the date of the TS/RA assignment.
- (5) The TE7 who builds the initial external case is also responsible for building cases for any additional NRAs identified after assignment. These requests will be made directly to the GK, who will give the new ICS number to the TE7 case builder (with a cc to the TS/RA).

Note: The TE7 case builder must receive an assignment number from the GK before entering the case in ICS. When the TE7 is finished entering these additional NRAs in ICS, they will respond back to the TS/RA (with a cc to the GK) that the additions are complete.

- (6) The TS/RA, upon receiving any new assignment(s), will place a copy of the external assignment email in the “Assignment” subfolder of the associated electronic case file.

4.64.1.8.5
(09-11-2017)
Duplicate Assignments

- (1) If a CWA employee discovers a duplicate assignment, the group manager will make an entry into the ICS case history stating that the case is a duplicate. The manager will contact the GK or proxy to advise of the duplicate assignment. The employee assigned the case will close the case as an “Erroneously Created CWA.”
- (2) The GK will enter in the “Comment” column of the Grid a note regarding the duplicate assignment.
- (3) The TS/RA will not enter the case on their month end report if the duplicate assignment is discovered in the same month the case was assigned. The TS/RA assigned the case will close the case as a PC.
- (4) If the duplicate assignment is discovered in a subsequent month, the TS/RA assigned the case will close the case as a PC and document the duplicate assignment as the reason for the PC.

4.64.1.8.6
(09-08-2020)
The Electronic Case File

- (1) The TS/RA is required to maintain the electronic case file (ECF) on the audit server. The progress must be maintained until the case is closed on the ECF by sending an email to the GM notifying them the case is ready to be moved out of their inventory on the ECF.

4.64.1.9
(09-11-2017)
Inventory Management System – Integrated Collection System (ICS)

- (1) The CWA program currently uses the Integrated Collection System (ICS) as its inventory management system. This system is used to create, maintain, and close case assignments.
- (2) The TE7 will build the case in ICS using the assignment numbers provided and additional information provided by the GK.

4.64.1.9.1
(09-11-2017)
**Master Case
00-XXXXX00**

- (1) The TE7 will build the case in ICS using the assignment numbers and additional information provided by the GK, as follows.

Fields	Description
Entity Detail	The band name, or if an individual NRA, their “professionally known as” (p/k/a) name. In the case of a group, the TE7 should enter the name followed by a series of at least 5 but no more than 10 asterisks (*) behind the name to signify to the reader that this is the primary case. For external cases, the TE7 will refer to the CWA application for the correct names to be input.
Address	Reflects the address and contact numbers of the authorized representative per Form 2848 or Form 8821. If there is no authorized representative, then the TE7 will use the TE7s own business address when building the case.
Other Address	Is created for the WA.
Withholding Agent	Is for the name as identified on the Form 13930 (external Assignments Only).
Name	The WA’s business name.
C/O	The name of the contact person for WA.
POA Address	Input (external assignments only) based on the Form 2848 or Form 8821. <ul style="list-style-type: none"> a. If a Form 2848/8821 is submitted, the TE7 will input from the information on the forms submitted with the application. b. If no Form 2848/8821 submitted, but a prior current year ICS case indicates there was an authorized representative the TE7 will copy information from the prior case into the new assignment. This practice could be applicable for a new internal assignment where there was a prior external case with a valid authorized representative. Then the internal assignment’s authorized representative information can be updated in the file.

4.64.1.9.2
(09-11-2017)
Individual Case File
(00-XXXXX01, -02, etc.)

- (1) The “Entity Detail” field reflects the NRA’s legal name on the authorized representative Form 2848/8821.
- a. P/k/a (Professionally Known As) is entered as “primary continued” name.
 - b. The “Address” field reflects the NRA’s address as identified on the Form 2848/8821.
 - c. If the SSN/ITIN is known, it is inserted in the “secondary SSN” field.
 - d. Location Codes are used to identify the current “00” case status. The TE7 is responsible for updating the initial location code when creating the case on ICS. The TS/RA assigned to the case is responsible for updating the location as the case progresses towards closure. It is not necessary to update location codes for any sub case (individual) as long as it

mirrors the master case. However, if the sub case does not mirror the master case, the location code must be updated.

Example: 1. All sub cases (individuals) have executed CWAs. However, only the master case location codes will be updated. It would not be necessary to update the sub cases' location codes.

Example: 2. Three profit-sharing members (-01, -02, -03) have CWAs and two support musicians (-04, -05) have direct withholding letters in place. It would not be necessary to update the location codes for the -01, -02, and -03 sub cases. But it would be necessary to update the sub cases -04 and -05.

- e. Location code 05 (Monitoring DWL) and subsequent codes will be updated by the TS/RA as the case is worked. The current "00" case must reflect location code 90 (close case) at the time of case closure. Refer to the group manager for a list of current location codes.
- f. The Sub-code identifies what type of NRA is assigned. The TE7 building the case must input the correct sub-code when creating the case on ICS. The TS/RA assigned to the case is responsible for making sure it was correctly input and to make any required changes as needed. Refer to the group manager for the list of current sub-codes.

4.64.1.10
(09-08-2020)
**CWA Eligibility
Requirements**

- (1) Prior to making contact with the taxpayer or authorized representative, the TS/RA must determine whether the NRA applicant meets all CWA eligibility requirements.
- (2) If the NRA doesn't meet the eligibility requirements, the TS/RA is required to contact the NRA or authorized representative and advise them that they are not eligible for a CWA and provide the reasons why. The TS/RA will issue Letter 4288, No Central Withholding Agreement (CWA), within 2 business days, as well as Letter 4272 , Directed Withholding Letter - NRA, for the events associated with the application. TS/RA can request from their group manager, for cases where the No CWA letter was issued for all NRA applicants associated with the assignment, that the case be transferred to a TE8 for issuance and monitoring of Letter 4272, Directed Withholding Letter - NRA. The group manager will send an email to the TE8 advising them of the E to I, assign the case to the TE8 and copy over the ECF file to the TE8, copying the group manager of the TE8 on the email if the assignment originated in another group.
 - a. To be eligible for a CWA, CWA applications must be received within the 45 days prior to the first event.
 - b. Individual artists or athletes must have met the \$10,000 gross income threshold during the current calendar year, including their pro-rata share of the gross income on the budget included with the current CWA application. This is met by including year to date gross income for events not covered by a CWA for which there has been withholding at the proper rate.
 - c. The application must include the SSN/ITIN under which returns were filed when there was a prior year filing requirement.
 - d. The NRA must be in tax return filing compliance and payment compliance. If the NRA has performed personal services in the U.S. during any of the last three previous years, all returns, including delinquent returns, must be posted by the time the application is received. The NRA must

4.64 Central Withholding Agreement (CWA) Program

have paid or made arrangements to pay taxes due for any years, e.g. with an accepted installment agreement (IA). These determinations must be made by reviewing IDRS.

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- e. Overdue return(s) from prior years must be posted to IDRS at the time the application is received. If the NRA has secured an installment agreement, check IDRS to see if the tax year is in status "60". The TS/RA must document contemporaneously in the ICS case history that compliance was determined using IDRS and specify which returns were posted, whether the account has no outstanding balances, or whether any outstanding balances are covered under an installment agreement. If the IDRS data did not reveal all of the posting and payments for prior year returns, the history entry must state that compliance was not met and that the appropriate letter was sent within 2 business days of the determination.
- f. If the due date of a current year tax return filing has passed and the NRA applicant or their representative states that an extension has been filed, the TS/RA will confirm the filing of the extension by reviewing IDRS for a TC 460 posting. If the extension is not posted, a copy of the extension should be secured. However, the TS/RA should monitor IDRS to verify the posting if Form 4868, *Application for Automatic Extension of Time to File U.S. Individual Income Tax Return*, contained an ITIN.

- (3) In every interaction, all CWA employees will consider the Taxpayer Bill of Rights as listed in IRC 7803(a)(3). Additional information may be found on the at <http://www.irs.gov/taxpayer-bill-of-rights>.
- (4) The CWA program is voluntary and there is no appeal process for the NRA concerning the CWA application and investigation.
- (5) If a request is made to speak to the manager, the CWA employee will secure the name, phone number, and best time to contact the taxpayer or representative. The employee will advise management of any taxpayer's or representative's issues or concerns. Management will then contact the taxpayer or representative, as applicable.
- (6) If the taxpayer requests the phone number for the manager, the employee will provide the information to the representative and follow the steps in (5) above.

4.64.1.10.1
(09-08-2020)

Compliance on Current Year Non-CWA Events

- (1) If any prior events occurring in the current year are not included in a CWA, then withholding of 30 percent must be paid. In these scenarios, the TS/RA must obtain proof of withholding and deposit of 30 percent of amounts paid to or for the benefit of the NRA. Proof of withholding and deposit (place in ECF subfolder 7, "EFTPS and Deposit Confirmations") may be determined by settlement sheets from a third party, receipt of Form 13920, Directed Withholding and Deposit Verification, from a venue or a confirmed deposit into a Form 1042, Annual Withholding Tax Return for U.S. Source Income of Foreign Persons, account.
- (2) For any event taking place **45 or more days** prior to the first CWA event, the proof of deposit must be obtained prior to the execution of the CWA.

4.64.1.10.2
(09-08-2020)

**Initial Contact with the
NRA on External Cases**

- (3) For any event that takes place **less than 45 days** prior to the first CWA event, the TS/RA must request the proof of deposit with the final accounting; if documentation is not provided by final accounting, the TS/RA must indicate in the ICS case history that no further CWAs will be considered for the current year until the NRA has provided proof of withholding and deposit on these events. This case history should be notated on all future internal assignments until such proof is obtained.
- (1) Within **3 business days** of the date of the case assignment, the TS/RA must make the initial contact with the NRA or authorized representative. This initial contact must include the following actions:
- a. Discuss whether the NRA is eligible for a CWA. If not eligible, an explanation of what is needed to become eligible should the NRA seek to reapply.
 - b. Discuss administrative issues including the CWA process, confirmation of a secure fax line, that email received from NRA or authorized representative may not be secure, and the TS/RA contact information.
- (2) Within **7 business days** of the case assignment, the TS/RA must take the following actions.
- a. Review the information submitted with the CWA application and develop an Information Document Request (IDR).
 - b. Discuss the IDR with the NRA or their authorized representative what additional supporting documentation will be required to complete the CWA.
 - c. If the NRA is in a partnership, discuss whether the NRA wishes to have withholding done under IRC 1446 as a partnership.
- Note:** In the event that an LLC/Partnership is identified on the Form 13930, Application for Central Withholding Agreement, and withholding is not being done under IRC 1446, the TS/RA must document in the ICS history that the authorized representative was advised that the CWA program will not assist with relief of any subsequent penalties assessed for under withholding.
- d. Send the IDR to the NRA or if represented, the authorized representative.
- (3) If the TS/RA attempts to contact the NRA or the authorized representative to discuss the IDR but does not receive a response, the TS/RA will contact the NRA or authorized representative advising them of the need to discuss the case and that an IDR will be issued the following business day.
- (4) If the TS/RA is unable to reach the NRA or authorized representative and has not previously confirmed that the fax number is secured, the TS/RA will issue a Letter 4288, No Central Withholding Agreement (CWA), and issue Letter 4272, Directed Withholding Letter – NRA, for the events associated with the application.

4.64.1.10.3
(09-08-2020)

**Information Document
Request (IDR)**

- (1) The TS/RA must follow up with a written IDR after initial contact (place in ECF subfolder #2, "Initial IDRs and Responses") if additional items are required before the CWA can be executed. The IDR must include:

4.64 Central Withholding Agreement (CWA) Program

- a. the requested items,
 - b. the deadline for submission, and
 - c. the consequences for not meeting deadlines.
- (2) The TS/RA will determine the deadline for the requested documents, taking into consideration:
- a. the length of time between the initial contact and the first event,
 - b. the amount of information requested, and
 - c. the time for the TS/RA to evaluate that information, complete the CWA, and obtain proper approvals as needed.
- (3) Deadlines to respond to the IDR should be **no more than 10 calendar days** from the date of the **IDR contact/discussion by the TS/RA**.
- (4) A “Statements of Consequences” must be included in the IDR advising the following:
- a. If all items requested that would support a compliance item are not received by the due date that a CWA will not be executed. And if not already issued, Letter 4272 , Directed Withholding Letter - NRA, will be issued.
 - b. If supporting documentation relating to a specific income item is not received by the due date, then the income section will be adjusted. See IRM 4.64.1.10.5, Mandatory Adjustments to the Budget; and
 - c. If supporting documentation relating to an expense item is not received by the due date, the expense item will be removed from the budget.

4.64.1.10.4 (09-08-2020) No CWA Granted

- (1) If the requested documentation to support compliance items, e.g., a copy of any current year filed tax return (place in ECF subfolder #8, “Miscellaneous”), is not received by the stated deadline, the TS/RA will issue Letter 4288, No Central Withholding Agreement (CWA), within 2 business days. The reason indicated will be that “documentation requested was not provided by the due date.” All exceptions to issuing the Letter 4288 must have program manager approval.
- (2) If the majority of the events are at least 35 days out at this point, the TS/RA can request from their group manager, for cases where the No CWA letter was issued for all NRA applicants associated with the assignment, that the case be transferred to a TE8 for issuance and monitoring of Letter 4272, *Directed Withholding Letter*. The group manager will send an email to the TE8 advising them of the E to I, assign the case to the TE8 and copy over the ECF file to the TE8, copying the group manager of the TE8 on the email if the assignment originated in another group.

4.64.1.10.5 (09-11-2017) Mandatory Adjustments to the Budget

- (1) If income items are not received by the stated deadline, the TS/RA must adjust the CWA budget as follows:
- a. If the non-submission is for a deal memo for an event listed on the proposed itinerary, the TS/RA will not include that event on the CWA itinerary. Additionally, if not already issued, the TS/RA will issue the Letter 4272, Directed Withholding Letter - NRA. All expenses associated with the removed event, e.g., production, commissions, etc., will also be removed.

- b. If the non-submission is for supporting documentation of potential overages and/or merchandise then those income streams will be estimated by the TS/RA at maximum potential on the CWA budget.
- (2) If documentation for expense items are not received by the stated deadline, the TS/RA will remove the expense item from the budget and notify the NRA or authorized representative within 2 business days that such item will be removed based on the insufficiency of supporting documentation. Consideration must be given to whether the documentation requested would be available at the time requested.

Note: For example, requesting hotel receipts prior to travel would not be reasonable. If expense items are based on estimates, the documentation requested should relate to how the item was estimated. The actual receipts could then be requested at FA. Expense items removed from the original CWA budget due to lack of documentation at execution of the CWA can be considered by the TS/RA at FA provided that documentation is received at that time.

4.64.1.10.6
(09-11-2017)
Extension Requests

- (1) Any requests for extension of a deadline must be approved by the group manager.

4.64.1.10.7
(09-08-2020)
Documenting Taxpayer Contacts

- (1) The TS/RA must fully document contemporaneously in the ICS case history all taxpayer contact and CWA activity, including any decision that an initial IDR is not necessary.
- (2) The TS/RA can contact the NRA or authorized representative by telephone, fax, eFax and mail.
- (3) Copies of all fax, eFax, and mail contact will be included in the appropriate section of the electronic case file ("ECF"):
- a. Subfolder #2, "Initial IDRs and Responses"
 - b. Subfolder #3, "CWA Agreements and Letters"
 - c. Subfolder #4, "DWLs and Letters"
 - d. Subfolder #6, "Final Accounting"

4.64.1.10.8
(09-11-2017)
Potentially Dangerous Taxpayer (PDT) and Caution Upon Contact (CAU) Programs

- (1) Refer to IRM 25.4.1, Potentially Dangerous Taxpayers, and IRM 25.4.2, Caution Upon Contact Taxpayer, for guidance in dealing with taxpayers designated under the "Potentially Dangerous Taxpayer" (PDT) and "Caution Upon Contact" (CAU) programs, respectively. Additional information can also be found at *Office of Employee Protection* page.

4.64.1.10.9
(09-08-2020)
Use of Email Internally

- (1) All SBU data (including PII and tax information) that is in email must be sent using Secure Messaging as outlined in IRM10.5.1, "Privacy Policy" ("Email" section) and IRM 1.10.3, "Standards for Using Email".
- (2) Also, SBU data (including PII and tax information) must not be included in the subject line of encrypted email since the subject line is *not* encrypted.

4.64 Central Withholding Agreement (CWA) Program

4.64.1.10.10
(09-11-2017)

External Data Sources (Research File)

- (1) The TS/RA will review the industry information and other information about the NRA artist and tour and reconcile it with the information provided by the NRA or authorized representative.
- (2) The TS/RA will document the case file with the results of the review and document any discrepancies discussed with the NRA or representative. This includes reconciling advertised itineraries with those submitted with the CWA application.

4.64.1.10.11
(09-08-2020)

Ineligible Withholding Agent (IWA)

- (1) The CWA contract states that failure to timely provide the FA and *remit all US federal tax deposits of any required withholding* will make the designated WA ineligible to participate in the CWA program as a designated WA until the WA provides the FA and makes all required deposits, unless the program manager agrees in writing to waive this requirement. If the TS/RA did not issue the FA letter timely due to a lapse in appropriations, and the WA made adjustments to the FA, the WA is still required to pay any additional withholding due as a result of *their* adjustments in order to avoid the application of this subsection for IWAs.
- (2) The TS/RA will prepare a brief email request outlining the basis for placing the WA on the ineligible list (IWAL) and submit to the group manager for approval. If approved the group manager will forward to the program manager stating their concurrence and requesting approval. The request will include a copy of the ineligibility letter and a summary of the facts to support the placement of the WA on the IWAL.
- (3) The ineligible letter to be composed is based on the particular issue causing the WA to become ineligible
 - a. Letter 5250, Notification of CWA Withholding Agent Ineligibility-CWA Deposit will be used where there is a failure by the WA to submit CWA deposit confirmation.
 - b. Letter 5173, Notification of Withholding Agent Ineligibility will be used where there is a failure to submit FA (issued along with Letter 5172, *Failure to Provide Final Accounting*).
 - c. Letter 5257, Central Withholding Agreement (CWA) Notification of Withholding Agent Ineligibility, will be used where there is a failure to submit the FA deposit confirmation.
- (4) Once the appropriate ineligible letter has been approved by the program manager, the email request will be returned to the approving group manager. The manager will forward a notification to the GK to update the IWAL maintained on the CWA shared site. Concurrently, they will notify the other managers and their own group.
- (5) The TS/RA will forward the letter to the WA (copy to be placed in ECF subfolder 6, "Final Accounting") to advise them that they are ineligible to be a CWA WA.
- (6) The GK as well as the TS/RAs must refer to the IWAL to ensure that a listed WA will not be granted eligibility. if a WA is listed on the IWAL the TS/RA would not immediately issue a No CWA Letter. Rather, they would advise the authorized representative of this and allow them to either 1) obtain a new WA; or 2) correct the issue that gave rise to the ineligibility and obtain reinstatement. While this is being addressed by the authorized representative, the TS/RA will proceed with preparation of the CWA agreement.

- (7) A WA who is on the IWAL can be reinstated. In order to be reinstated the IWA must submit to the TS/RA the FA and/or provide proof that they have made the required deposits. Once these requirements are satisfied, the WA must request in writing to the program manager reinstatement. Once the TS/RA completes the request along with a brief explanation, they forward the email to the group manager. Upon review the manager will forward it by email to the program manager for approval.
- (8) A reinstatement letter (copy to be placed in ECF subfolder 6, "Final Accounting") will be issued if the program manager has approved the request. The reinstatement letter to be composed is based on the facts concerning the reinstatement:
 - a. Letter 5520, CWA Reinstatement as Designated Withholding Agent, will be issued when the CWA deposit confirmation has been submitted.
 - b. Letter 5174, Reinstatement as Withholding Agent, will be issued when the FA , support documentation and FA deposit (as indicated in the Letter 5172, Failure to Provide Final Accounting, has been submitted.
 - c. Letter 5256, *Central Withholding Agreement (CWA) Reinstatement as Withholding Agent*, will be issued when the FA deposit confirmation has been submitted.

4.64.1.11
(09-11-2017)
**Reviewing the CWA
Budget**

- (1) The TS/RA will review the budget submitted with an external assignment.

4.64.1.11.1
(09-11-2017)
**Analyzing and Verifying
Financial Information**

- (1) The TS/RA will obtain and review documentation supporting all income items identified and request confirmation that no additional income relates to the event or tour.
- (2) The TS/RA will verify that only ordinary and necessary tax-deductible business expenses of the NRA related to U.S. sourced personal service income for the current event or tour are included in the budget. In addition, the TS/RA should request supporting documentation for all large, unusual, and questionable (LUQ) deductions. Depending on the nature of the expense, the TS/RA should secure this documentation prior to the CWA being executed. However, for some expense items it might be more practical to secure the documentation at FA.
- (3) The CWA process (and application) is **not** an audit. Expenses may be excluded from a CWA. However, this does not necessarily preclude the NRA from claiming the expense on their Form 1040-NR, U.S. Nonresident Alien Income Tax Return.
- (4) When a tour consists of both U.S. and non-U.S. income, the TS/RA must ensure that an allocation of expenses against U.S., sourced income is made if appropriate. If the expense is determined to be associated with both U.S. and non-U.S. events, then the TS/RA must obtain information about the income streams for the non-US events in order to determine the portion of the expense to include on the CWA budget.
- (5) When less than 100 percent of potential overages are included, the TS/RA must monitor the income. The TS/RA will request and review settlement sheets. These must be requested to be provided no later than FA.

4.64 Central Withholding Agreement (CWA) Program

4.64.1.11.2 (09-08-2020) **Calculating Correct Withholding**

- (1) The TS/RA is responsible for calculating the correct withholding. If a CWA will not be granted then the withholding will be calculated at 30 percent of the gross income. If a CWA is granted then the withholding will be calculated at graduated rates based on net income. An exception exists if the NRA elected to have their withholding calculated under IRC 1446 at the current partnership rate.
- (2) The TS/RA will utilize the CWA spreadsheet to compute the CWA withholding. This spreadsheet is updated to reflect current year tax rates and is available on the CWA shared drive.
- (3) Prior CWA withholding computations for the current year will be included in the current tour CWA withholding analysis.
- (4) Prior non-CWA withholding computations for the current year will not be included in the current tour CWA withholding analysis. Non-CWA events are subject to 30 percent withholding; therefore, it cannot be included in the CWA withholding analysis since it is not calculated based on graduated rates.
- (5) In determining deposit due dates, the TS/RA must consider the length of the tour and the required withholding. Normally the deposit due date will be 5 days from the last event. Longer tours with larger withholding requirements may require staggered due dates.

4.64.1.11.3 (09-11-2017) **Site Visits**

- (1) The TS/RA may determine that a site visit is necessary for the case. Certain requirements must be met prior to conducting a site visit.
- (2) The TS/RA must submit the designated Standard Site Visit Request. Two levels of management approval must be obtained before the TS/RA coordinates the site visit with either the representative of the NRA or with the venue where the event is being performed.
- (3) The Standard Site Visit Request, located on the CWA shared drive, will contain the following information:
 - a. Name of CWA personnel attending
 - b. Name of CWA employee to whom the case is assigned
 - c. Estimated cost of the site visit
 - d. Date(s) of the site visit
 - e. Location
 - f. Name or artist/athlete
 - g. Indication of whether the case is for a CWA contract or a Directed Withholding case
 - h. If the case pertains to a current CWA case, provide the gross income, expenses, net profit, and Withholding
 - i. Date(s) of all events covered by current DWL/CWA
 - j. Any prior tour dates and whether there was a CWA or DWL issued
 - k. Any prior site visit on same athlete or artist, detailing the dates and results of those visits
 - l. If there was a prior CWA, detail the gross income, expenses, net profit, and withholding
 - m. Purpose of visit
- (4) The TS/RA who is requesting the site visit must prepare the site visit request and forward it to their group manager for approval.

- (5) If a site visit is being requested where another TS/RA for another group will be needed to conduct the site visit, the requesting group manager will discuss with the other group manager the availability of one of their TS/RAs to conduct the site visit prior to submitting the site visit request to the program manager.
- (6) When conducting a site visit, all personnel must follow the rules outlined in Document 12011, Plain Talk about Ethics and Conduct Handbook.
- (7) In addition, a TS/RA participating in a site visit cannot:
 - a. Attend a concert/event for the same artist/athlete at the same venue during the same tour, even if purchased tickets through general public ticketing.
 - b. Accept complimentary tickets to attend any event even if at a different venue.
 - c. Purchase a ticket (even if at face value) for a different venue from or through the artist/athlete or their representative.
 - d. Drive to or from an event with a non-IRS person.
 - e. Purchase any merchandise in the venue unless the merchandise is for sale to other non-ticket holders in the general public, e.g., for sale before entering ticket gate.
 - f. Accept any item even if unsolicited and under \$20 and/or even if from sponsor or venue and not from the artist/athlete or their representative, e.g., a goodie bag; free T-shirt, CD, etc.
 - g. Accept any food items other than bottled water. This includes the food set out for cast and crew including green room refreshments.
 - h. Solicit for autographs or accept autographs or autographed pictures of the artist/athlete.
 - i. Keep the backstage or visitor pass/badge once the official site visit has concluded.
 - j. Remain inside the venue once the official site visit is over. In general, the site visit should conclude prior to artist/athlete appearing on stage or in the ring. Any exceptions should be discussed with management.
- (8) Once business has concluded, the TS/RA must leave the site.
- (9) A site visit to a tribal entity must be coordinated with the Office of Indian Tribal Governments in the TE/GE operating division. See IRM 4.64.1.5.6, Special Handling – Letters Issued to Indian Tribal Governments (ITG).

4.64.1.11.4
(09-11-2017)
**Site Visit Report and
Log**

- (1) The TS/RA must submit a Standard Site Visit Report to the group manager within 3 business days after the visit to the venue. If the TS/RA will not be able to complete the report within 3 business days, they must provide the reason for the delay to the group manager. Upon review for completeness, the manager will forward to the program manager.
- (2) The TS/RA will include in the standard site visit report, located on the CWA shared drive, the following information:
 - a. Background information,
 - b. Business purpose,
 - c. Approvals requested and received,
 - d. CWA activity prior to the event, including the arrival time, names of those in attendance, and departure time,
 - e. Income streams reviewed,
 - f. Actual travel costs,

4.64 Central Withholding Agreement (CWA) Program

- g. Other information, and
- h. Any recommendations for future site visits.

(3) A site visit log will be maintained for each group by fiscal year. It is the responsibility of the group manager to update the site visit log. The group manager will forward the log at the end of each month to the CWA analyst whether or not a site visit was conducted for that particular month.

4.64.1.12
(09-11-2017)
Central Withholding Agreement Preparation and Approval

(1) Delegation Order LB&I 1-23-10 provides the CWA program the approval authority to prepare and execute CWA contracts.

4.64.1.12.1
(09-08-2020)
Preliminary Considerations

- (1) The TS/RA is required to incorporate the time it takes for the CWA approval and execution processes so that a CWA can be executed within 2 business days prior to the first event of the CWA itinerary.
- (2) Prior to submitting a CWA for approval, the TS/RA must utilize external research tools to see if any additional events have been added that are not included in the CWA's itinerary. If there are any that are less than 45 days out from the day of the first event then Letter 4272, Directed Withholding Letter - NRA, is to be issued and the NRA applicant or authorized representative will be informed. For those greater than 45 days out from the first event the TS/RA will contact the NRA applicant or authorized representative to inquire about whether a CWA application will be submitted.

4.64.1.12.2
(09-08-2020)
Types of Central Withholding Agreements (CWAs)

(1) There are currently 3 types of CWAs, which differ in the characteristics as well as the approval authority required:

- a. **Streamline** cases are those with few, if any complex issues. The budget contains limited income streams, routine expense categories and allows CWA for signature and ultimate execution. #
- b. **Standard** cases have the potential for more complex issues. The budget can contain multiple income sources. Expense categories are generally more extensive requiring more in-depth analysis and the need for additional sending out the CWA for signature and ultimate execution. #
- c. **Formal** cases can involve the most complex issues and may require required prior to sending out a CWA for signature and ultimate execution. In addition, they may involve any or all of the following characteristics: #

Multiple income streams (e.g. Merchandising, Tour Support, Endorsements, Overages, TV contracts, Sponsorships)
Complex and detailed contracts
Income allocated for multiple country tours

Multiple types of entities (partnership, corporation, LLC)
Large and unusual business expense items

4.64.1.12.3
(09-11-2017)

**Case File
Documentation – CWA
Submission for Approval**

- (1) The TS/RA must document all case actions in the ICS case history. They must be stated in a manner that fully discloses the scope, depth and techniques used in working the case; supports the technical and factual conclusions reached; and are in a format that is clear, concise, and organized.
- (2) Documentation must be completed at the time the case action is taken.
- (3) A CWA summary is required in ICS prior to sending out the CWA for signature or submitting a case for approval. The summary must include items as prescribed below.
- (4) Administrative items must be addressed to include:
 - a. Authorized representative form.
 - b. WA firm name.
 - c. Statement as to any partnership withholding.
 - d. Confirmation that the authorized representative's fax line is secure.
- (5) Identify the NRA athlete or entertainer along with the:
 - a. Names
 - b. NRA percentage ownership
 - c. Other owner(s) percentage ownership
 - d. Fee based applicants, if any
 - e. Filing status
 - f. Country of residency
 - g. NRA supporting performers
- (6) Previous but current year tour information will include:
 - a. ICS case number, the current status and any significant issues or other notable information
 - b. Other percent owners
 - c. Fee based applicants, if any

Note: If the last tour was in the prior year, the TS/RA need only note any significant issues from that tour.
- (7) Compliance Information will include:
 - a. Indication of tax return filing compliance
 - b. Non-CWA events
- (8) List of Events (include Exhibit A of the CWA spreadsheet) will include:
 - a. Itinerary verified
 - b. Notes about any change in event dates or venues
 - c. Indication of whether the tour is in the US only or a combination tour. Include the allocation methods, if applicable.

4.64 Central Withholding Agreement (CWA) Program

- (9) Regarding income, the tour budget (include Exhibit B of the CWA spreadsheet) will include:
 - a. Guarantees
 - b. Overages
 - c. Merchandise
 - d. Complimentary tickets
 - e. Bonus
 - f. Sponsorships, endorsements, and reimbursements
 - g. If a tour loss, what recording agreements exist may
- (10) Regarding expenses, tour budget (include Exhibit B of the CWA spreadsheet) will include:
 - a. Entourage including any NRA performers and NRA crew
 - b. Travel and Transportation
 - c. LUQ expenses
- (11) Support band CWA budget, if applicable (include Exhibit B)
- (12) CWA dates and deposits to include:
 - a. Type of CWA requested
 - b. Due date of CWA
 - c. CWA deposit due date(s) and amount(s). Include the individual and total amounts.
 - d. FA due date
 - e. Specific information required with FA
- (13) Additional notes will be entered as appropriate.

4.64.1.12.4
(09-08-2020)

Request for Managerial Approval of CWA

- (1) To obtain approval, the TS/RA must forward to the group manager an encrypted email requesting approval once the following have been prepared and placed in the appropriate section of the ECF:
 - a. Letter 4289, CWA Transmittal Letter
 - b. CWA contract(s) with Exhibit A and Exhibit B attached to each CWA contract
 - c. CWA spreadsheet
 - d. Letter 4492, Venue Notification, with the CWA Exhibit A attached

The Letter 4492, Venue Notification, will be attached to an approval email, and if the case is a formal, the TS/RA will also include an Adobe print of the ICS case history as an attachment.
- (2) The TS/RA will also utilize the approval feature in ICS. This will generate an ICS notification to the group manager indicating that approval is requested. The group manager has the option to either approve or disapprove and the TS/RA will receive a notification following the management selection. Failure to secure ICS approval for a Standard or Formal CWA will prevent the TS/RA from closing the case on ICS.
- (3) The group manager has 2 business days to review a Standard case and determine whether it will be approved. They also have 2 days to review a Formal case and forward to the program manager.

- (4) Just as the TS/RA communicated by email and ICS, so too will the manager. Once the appropriate approval determinations are made, the manager will take the following actions:
 - a. The manager will at a minimum select the cases in the ICS approval queue and select approval button. Otherwise, further comment can be documented in the ICS history with the results of the review and recommendations.
 - b. Once the CWA is approved the group manager will also forward the original encrypted email to the TS/RA with a cc to the GK.
- (5) The original email prepared by the TS/RA now being forwarded by the manager will include these additional items:
 - a. The approval determination.
 - b. Any special instructions to the GK. For example, there may be a direction to withhold execution of CWA until advised otherwise.
 - c. Advisory that the authorized representative does not have signatory rights for the NRA(s).

4.64.1.12.5
(09-11-2017)
CWA Not Approved

- (1) If the CWA is not approved, then:
 - a. The manager and/or the program manager will document in ICS the basis for the denial and convey to the TS/RA.
 - b. The TS/RA is required to address management's issue(s).
 - c. The TS/RA will contact the NRA applicant or authorized representative advising them of the basis for the denial.
 - d. If management's issue(s) can be cured, the TS/RA will expeditiously resubmit the CWA for approval.
 - e. If the issue(s) cannot be cured and a Letter 4272, Directed Withholding Letter – CWA, has not been issued, the TS/RA will issue the Letter 4272 and also issue a Letter 4288, No Central Withholding Agreement (CWA), stating the reason(s) for the non-approval.

4.64.1.12.6
(09-08-2020)
**Delivery of CWA
Contracts and
Transmittals**

- (1) Once the TS/RA receives appropriate approvals for Standard or Formal CWAs or has a Streamline CWA, the TS/RA will send the CWA (save the final copy only, with associated correspondence, in subfolder 3, "CWA Agreements and Letters", on the ECF) to the NRA or their authorized representative for signature.
- (2) Two important considerations in determining which method of delivery to use in sending the CWA contract out for signature are the date of the first event on the CWA itinerary and whether the applicant or authorized representative can sign the contract.
- (3) The following are acceptable methods for delivery:
 - Fax or eFax
 - U.S. Postal Service
 - Private Postal Carrier
- (4) The TS/RA will send one copy of the CWA contract for each individual NRA member to that NRA or their authorized representative for signature. Either must sign and return one copy to the GK.

4.64 Central Withholding Agreement (CWA) Program

- (5) The Letter 4289, CWA Transmittal Letter, is required to be used with the CWA contract which is sent out for signature. The due date for the signed CWA contract will be set at no later than 2 business days prior to the first event of the CWA itinerary.
- (6) The TS/RA will create a Form 4564, Information Document Request (IDR) (copy to be placed in subfolder #6, "Final Accounting", in the ECF) to be sent along with the Letter 4289 , CWA Transmittal Letter, and CWA contract. The IDR will state the following:
 - a. The additional documentation that is required at FA, including proof of 30% withholding on NRA support artists not included on the CWA application, with the understanding the expense associated with the latter will otherwise be disallowed (See IRM 4.64.1.13.1 Final Accounting Review).
 - b. The due date that the documentation must be received, and
 - c. The consequences of not timely providing the documentation by the due date.

Note: The CWA contract under paragraph K, 3E outlines the due date for the FA, consequences for not timely providing it, along with any other requested documents. Since the consequences are strictly applied, the TS/RA must ensure that the applicant's representative is provided a list of specific documents that are needed and a statement of the consequences so the applicant and representative are aware when signing the CWA contract.

- (7) For Streamline CWAs, the TS/RA will also send an email with Letter 4492 to the GK, with a cc to the manager, indicating the CWA has been sent for signature.

4.64.1.12.7
(09-08-2020)

Executing the CWA Contract

- (1) The NRA or authorized representative is required to return one signed CWA contract for each NRA to the GK. In lieu of the entire CWA contract, the receipt of the signature page is acceptable for the contract to be executed. Original signatures are preferred but eFax signatures are acceptable.
- (2) The GK will manage the CWA execution process. Once a signed CWA is received the GK will review:
 - a. **The signature of the NRA.** The GK will ensure that the NRA is signed by an authorized representative. ICS can be used to confirm the identity of the authorized representative.
 - b. **The signature of the WA.** The GK will also determine if the representative is listed in ICS as the designated WA.
 - c. **Alterations.** The GK will check for any edits, deletions, cross-outs, etc. on the contract/signature page.
- (3) If any discrepancies are found the GK will not execute the CWA contract and will notify the assigned TS/RA who will take the necessary corrective actions.
- (4) If there are no discrepancies, the GK will execute the CWA by signing the appropriate management official's signature with the official signature stamp and date as follows:
 - a. If a Standard CWA, the GK will stamp the group manager's signature.
 - b. If a Formal CWA, the GK will stamp the program manager's signature.

- (5) The GK will document the ICS case history noting:
 - The date the signed CWA was received.
 - The results of the review.
 - That the CWA was executed, the method of delivery, and to whom it was delivered.
- (6) The GK will send the executed CWA contract(s) signature page(s) and Letter 4492, Venue Notification, along with Exhibit A, to the NRA applicant, or authorized representative, and the WA. This letter conveys the completed agreement. The date of the first event on the CWA itinerary must be considered when determining the method of delivery to ensure delivery ahead of that first event. The following delivery methods are acceptable:
 - Fax or eFax
 - U.S. Postal Service
 - Private Postal Carrier
- (7) The GK will send the executed CWA signature page and the copy of Letter 4492, Venue Notification, to the TS/RA.
- (8) The TS/RA will retain a copy of the executed CWA contract/signature page(s) for the electronic case file (subfolder 3, "CWA Agreements and Letters").

4.64.1.12.8
(09-11-2017)
**Additional Tour Dates
Prior to Execution of the
CWA**

- (1) The TS/RA may be notified by the NRA or authorized representative that they would like to add tour dates to be included in a CWA. If a CWA application is received timely (see IRM 4.64.1.10, *CWA Eligibility Requirements*), and the CWA has not yet been executed, the TS/RA will include in the CWA any additional events not listed on the application that occur after the application tour start date provided that a budget and support for all income streams was provided **at least 30 days** before the first event. Any events added where documentation is provided **less than 30 days** prior to the first event will not be included in the CWA. An addendum may be considered for the events not included in the CWA (See IRM 4.64.1.12.9, Amending an approved CWA).

4.64.1.12.9
(09-11-2017)
**Amending an Approved
CWA**

- (1) If a CWA has been approved and material changes are subsequently submitted to the TS/RA regarding income streams, date of the performance(s), or expenses incurred during the tour, the CWA can be amended. The authorized representative should request the amendment to reflect the material changes and adjust any withholding required, based on the additional information.
- (2) A CWA must not be amended to include any date or event that has already taken place.
- (3) All addendum which are not due to an event being added to the tour or an event being cancelled require approval from the program manager. Once approval is obtained, the TS/RA will create the addendum and submit the CWA to obtain the appropriate managerial review and approvals.
- (4) If the CWA has been executed and a request for an addendum is submitted to the TS/RA to add additional event(s), an addendum can be completed. However, documentation for the event(s) must have been provided **at least 21 days** before the last performance date on the executed CWA and provided **at least 45 days** prior to the new event to be included. Any exception to this

4.64 Central Withholding Agreement (CWA) Program

rule must be submitted to the program manager for approval. Letter 4272, Directed Withholding Letter - NRA, will be issued for all new dates not covered by the addendum.

- (5) If a request for an addendum is submitted which is due to event(s) being cancelled, the TS/RA must receive documentation to substantiate that there will be no reimbursement or insurance claim with respect to the event(s). The TS/RA will create the addendum and obtain appropriate managerial review and approvals. In the event that the canceled event was scheduled during the **last 7 days** of the tour the TS/RA can consider extending the final deposit due date to provide adequate time to complete addendum.
- (6) No addendum can be processed if all remaining dates of the tour have been cancelled.
- (7) The TS/RA must monitor cases assigned to them for events that may be added during the tour where an addendum has not been requested and issue Letter(s) 4272 on these new events.
- (8) If a new application is submitted rather than requesting an addendum and that application is received timely, it will be treated as such. If it meets the requirements of an addendum, the TS/RA can ask the authorized representative if they prefer the addendum.
- (9) Unlike new applications which are assigned by general rotation, an addendum is not given an assignment number. Rather, the GK will assign it to the TS/RA that is assigned the current CWA case.
- (10) Specific formatting and language are to be used when creating an addendum (See the CWA shared drive in the Templates folder for the appropriate template).

4.64.1.12.10 (09-11-2017) TS/RA Schedules Follow-up Dates

- (1) The TS/RA will establish follow-up dates in the ICS case history in consideration of the following important markers:
 - a. If the CWA is sent out **more than 7 days** prior to the first event, and there has been no notification that the CWA has been executed, the TS/RA must contact the authorized representative to confirm receipt of the CWA and determine if there are any outstanding issues.
 - b. The TS/RA will determine if the signed CWA's are received **within 2 business days** prior to the first event of the CWA itinerary.
 - c. If signed CWAs have not been received and the Letter 4272, Directed Withholding Letter – NRA, has not been issued, the TS/RA will create and issue the Letter 4270, Directed Withholding Rescission Letter.

4.64.1.12.11 (09-08-2020) Crew and Other Support Musicians

- (1) The Letter 4272, Directed Withholding Letter - NRA, directs the WA to either withhold a specific dollar amount or to withhold at a rate of 30 percent of gross income paid to or for the benefit of the NRA for U.S. sourced income.
- (2) The TS/RA will inquire about the residency status of those listed in the budget as receiving compensation. The TS/RA will determine whether NRAs such as support musicians, crew, tour manager, sparring partners, etc. are subject to 30 percent withholding, and if so, the TS/RA will instruct the WA that they are required to withhold 30 percent of the payments to those NRAs and provide proof of the deposit (place in ECF subfolder 7, "EFTPS and Deposit Confirma-

tions”) to the TS/RA. If proof of withholding is not provided, the TS/RA will remove the expense from the budget at final accounting.

- (3) If the crew members and other personnel are NRAs, the TS/RA will determine if they have filed a Form 8233, Exemption from Withholding on Compensation for Independent (& Certain Dependent) Personal Service of a Nonresident Alien, with a TIN requesting exemption from withholding for these NRAs. If NRA crew members are residents of a country with which the U.S. has no tax treaty, there is no TIN, or if one is not provided by the time of FA, then the TS/RA will instruct the WA that they are required to withhold 30 percent of the payments to those NRAs and provide proof of the deposit (place in ECF subfolder 7, “EFTPS and Deposit Confirmations”) to the TS/RA. If proof of withholding is not provided, the TS/RA will remove the expense from the budget at final accounting.

4.64.1.12.12
(09-08-2020)
**When to Issue a
Directed Withholding
Letter (DWL)**

- (1) The TS/RA must determine whether DWLs should be issued on their external cases. The primary consideration should be whether a CWA will be executed prior to the first event. Other considerations should be the history of prior CWA's the applicant has submitted and the probability of the applicant to become eligible or to supply requested information. Copies of any DWLs issued will be placed in subfolder 4 of the ECF, “DWLs and Letters”.

4.64.1.13
(09-11-2017)
Final Accounting (FA)

- (1) **Within 60 days** after the last tour event, the designated WA submits to the TS/RA final computation of all of the payments paid to or for the benefit of NRA, all expenses associated with the tour, all supporting documentation requested, and all required withholding in accordance with the CWA contract. This process is collectively referred to as the Final Accounting (FA).

4.64.1.13.1
(09-08-2020)
Final Accounting Review

- (1) The FA which must be provided will include any supporting documentation that was requested on the IDR when the TS/RA sent the CWA contract package for signature. The TS/RA does not have the authority to grant any extensions. Approval of any exceptions must be requested from the program manager.
- (2) The TS/RA must contemporaneously document the receipt date in the ICS case history.
- (3) The TS/RA will place a copy of the FA in the ECF (subfolder 6, “Final Accounting”) and conduct a review of the FA to verify that only ordinary and necessary business expenses of the NRA related to U.S. sourced personal service income pertaining to the current event or tour are present. In addition, the TS/RA should request supporting documentation for all LUQ deductions that have changed from the executed CWA budget. If at the time the CWA contract was executed, the TS/RA requested that any supporting documentation be submitted at FA, those items must be identified and addressed, including lack of proof of any additional withholding that was due based on the FA provided.
- (4) The TS/RA will issue Letter 4568, Acknowledgement of Status of Final Accounting, to the WA reporting the results of the FA review.
- (5) The TS/RA has **60 days** from receipt of the FA budget to take the following actions:
 - a. Review the budget,
 - b. Request additional supporting documentation,

4.64 Central Withholding Agreement (CWA) Program

- c. Negotiate in good faith with the NRA or authorized representative,
- d. Receive managerial approval when required, and
- e. Issue the FA Letter 4568.

(6) The TS/RA must issue the FA Letter 4568 on all cases, **within 60 calendar days** of receipt of the FA budget, even if the TS/RA determines that there is no change in the budget or the withholding deposits.

4.64.1.13.2
(09-11-2017)

Documentation and Time Frame Requirements

- (1) The TS/RA must receive the supporting documentation during the 60-day negotiation period where FA has been provided.
 - a. If the TS/RA does not receive supporting documentation for expense items requested, that expense item will be computed at zero or up to the amount verified by documentation.
 - b. If the TS/RA does not receive settlement sheets provided, overages will be computed at the maximum potential amount.
- (2) The TS/RA will document in the ICS case history the results and conclusions of their review.
- (3) If the TS/RA does not receive the FA by the 60th day following the last event, overages will be computed at the maximum potential amount and all expenses disallowed. The TS/RA will issue a Letter 5172, *Failure to Provide Final Accounting*, and place the WA on the IWAL.

4.64.1.13.3
(09-08-2020)

Final Accounting – Managerial Review

- (1) Managerial Review will be required if:
 - a. A Streamline case becomes a Standard or Formal case.
 - b. A Standard case becomes a Formal case. These cases may be elevated to the program manager for review and approval at the group manager's discretion.

#

- e. A Letter 4568, Acknowledgement of Status of Final Accounting, was not sent within 60 calendar days from the receipt of the FA budget (due to a government shutdown or similar situation).

(2) The TS/RA will document the ICS case history with the determination that the case requires managerial review. The basis for the required review will be documented.

4.64.1.13.4
(09-11-2017)

Case File Documentation – Final Accounting Summary

- (1) The TS/RA must document the CWA FA summary in the ICS case history prior to sending out the Letter 4568, Acknowledgement and Status of Final Accounting. The summary will include the following.
- (2) The TS/RA must indicate if managerial review of FA criteria were met and the basis (See IRM 4.64.1.13.3, Final Accounting - Managerial Review).
- (3) The TS/RA must provide these additional Items:
 - a. The due date indicated on the Letter 4568,
 - b. The material changes in income and expense items. List any LUQ items,
 - c. Any documents received to support the LUQ items,

- d. If a tour loss, provide indication of any third-party support. Provide a summary of any balance of underapplied support and the source of that support,
- e. Balance of any recoup of advance on merchandise,
- f. Adjustments to FA income. List increases to the authorized representative's FA figures and explanation for any adjustments made by the TS/RA,
- g. Adjustments to FA expenses. List any decreases to the authorized representative's FA figures and an explanation for any adjustments made by the TS/RA,
- h. The FA deposit required. For each NRA, list the amount due per person. If applicable, including support musicians, and
- i. The FA Exhibit B.

4.64.1.14
(09-11-2017)
**Case Closing
Procedures**

- (1) The TS/RA will close the case timely to include all necessary documentation in the electronic case file .
- (2) The TS/RA will concurrently email the group manager that the case is closed

4.64.1.14.1
(09-08-2020)
**Closing Case File
Documentation**

- (1) Prior to closing an external case, the TS/RA must enter in the ICS history a closing case history summary which will include the following items.
 - a. NRA's: List the names of each NRA receiving or not receiving a CWA and any NRAs on whom the TS/RA directed withholding of 30 percent.
 - b. Tour Period: List the date range of the tour.
 - c. Number of Events: List the number of events covered by the CWA.
 - d. CWA amounts for this and all prior CWAs this year for the profit sharing NRAs including the gross dollars, the expense amounts, and the net income or loss.
 - e. CWA amounts for this and all prior CWAs this year for members receiving a flat fee. List each NRA and the flat fee received along with the gross dollars, expense amount, and net income or loss.
 - f. Withholding for the year broken down by NRA and their CWA.
 - g. Compliance issues addressed.
 - h. Delinquent return copies received indicating the NRA and tax year.
 - i. Record label or other support status. In the case of a loss tour, indicate whether any record label support was received, the dollar amount, and if a review was conducted.
 - j. If an LLC exists, address IRC 1441 versus IRC 1446. Specifically, indicate whether the entity group is operating as a partnership. If so, indicate whether the band chooses to have the withholding resulting from the CWA calculated at the partnership rate to avoid possible under withholding on the partnership.
 - k. For non-CWA events where the deposits are confirmed, indicate the date, venue, and city.
 - l. For outstanding non-CWA events where the withholding is not confirmed, indicate the date, venue, and city.
 - m. Summaries of NRA support musicians. List the NRA name, country of residence, the total compensation and the withholding amount(s).
 - n. Summaries of the NRA Crew. List the total number of NRA crew members subject to 30 percent withholding, the total compensation, and the withholding amounts.
 - o. Referral Recommendation. Indicate whether an Exam, Collection, or CID referral was made? If so, list the NRA and basis for referral.
 - p. Additional notes as needed for TS/RA assigned a future tour leg.

4.64 Central Withholding Agreement (CWA) Program

- (2) Prior to closing a case, items irrelevant to the case (not used to make any case decisions) should be deleted from the electronic case file.
- (3) The group manager will **copy** the electronic case folder from the TS/RA's ECF folder to the GM's ECF view in the "Closed Cases for GM" folder, after reviewing for completeness. After copying the closed ECF file, the group manager will then delete the original ECF case file in the respective TS/RA's folder. The copy and paste method must be used by the group manager instead of cutting or dragging the ECF file in order to retain the different permission structures on the different levels of the electronic case file audit server. Moving of a previous month's closed cases out of the GM's "Closed Cases for GM" folder will be done with the manager's monthly reconciliation for that month of ICS/grid reports, and the file transfer will be out to the calendar year folder in the ECF server structure that represents the performance year (last four characters in the ECF file case name) by pasting the folder there.

4.64.1.14.2
(09-11-2017)

Inventory Management For All CWA Employees

- (1) Case assignment patterns vary from month to month. TS/RA and TE8 should take into consideration historical receipt patterns when scheduling their time. Consideration of the date of the first event should be considered when prioritizing work.
- (2) A calendaring system will be utilized to ensure follow-up actions on all open cases. ICS has a follow-up system which is the standard method to meet this requirement.
- (3) The TS/RA and TE8 must contemporaneously document their actions in the ICS case history. Additionally, they are required to report the case action on their month end report.

4.64.1.14.3
(09-08-2020)

Case Monitoring and Closing Time Frames

- (1) The TS/RA will monitor and follow-up on:
 - a. Timely responses to IDRs,
 - b. Signatures and execution of the CWA contract,
 - c. Confirmation of deposits for the CWA (place in ECF subfolder #7, "EFTPS and Deposit Confirmations"),
 - d. Timely submitted FA,
 - e. Completion of FA Review and issuance of the Letter 4568, Acknowledgement and Status of Final Accounting,
 - f. Additional deposits required as stated on the Letter 4568 (place in ECF subfolder 7, "EFTPS and Deposit Confirmations"),
 - g. Any itinerary changes, and
 - h. Any other action that impacts the progress of the case.
- (2) The TS/RA will close the CWA case within **10 business days** of either:
 - a. The issuance of Letter 4568, if no additional deposit is required, or
 - b. The reconciliation of required deposits, or
 - c. The confirmation of the Final EFTPS receipt.
- (3) The TS/RA will close any DWL case **within 30 days** of the final tour date.
- (4) PCs occur when it is determined that the NRA is not performing, the entire tour is cancelled or the individual is a US citizen or resident. The TS/RA will close a case as a PC within 10 business days of the determination. PCs will not require managerial approval. The TS/RA will document in the ICS case history

how the determination was made. All other cases receiving PC determinations not related to non-performance require managerial review and approval prior to closing.

- (5) The TS/RA must consider whether an exam referral is warranted and will be made. Additionally, the TS/RA must determine if it appropriate to recommend that a WA be placed on the IWAL. In these situations, the TS/RA must close the case within 10 business days of the exam referral or letter being sent to the WA notifying of their ineligibility.

4.64.1.14.4
(09-08-2020)
**Electronic File
Processing**

- (1) The electronic case file (“ECF”) server structure is indicated in Exhibit 4.64.1-5.
- (2) The electronic case file (“ECF”) individual file structure is indicated in Exhibit 4.64.1-6.
- (3) The TS/RA or TE8 must maintain the individual file structure of the electronic case file for each CWA or DWL case. The appropriate documents are placed in each applicable subfolder as they are received or created.

Note: DWL cases will not include the CWA Excel Spreadsheet and they also will not include the Word document for mail merging the CWA.

- (4) Once the case is closed on ICS, the GM will move the case to their “Closed Cases for GM” folder on the ECF server after the TS/RA notifies them and the file has been reviewed for completeness.

4.64.1.14.5
(09-08-2020)
Exam Referral

- (1) Information obtained regarding the NRAAE or WHA by the TS/RA may provide a basis for an exam referral.
- (2) Referrals made to Exam will include the following information:
 - a. The case name, member name(s), and the associated case number(s)
 - b. Industry information, the artist’s profile with contact information, historical information on tours that may have occurred, and upcoming tours
 - c. Other information that could assist with the examination
 - d. A synopsis of the information
- (3) The TS/RA will forward the completed package to the group manager for review. The manger will review the package and forward the referral on to the program manager.
- (4) The program manager will review the referral, determining if all of the information that is needed has been provided. The approved package will then be forwarded to Planning and Workload Delivery, International Examination with a copy to the CWA group manager. The manager will update the ICS history to reflect that the closed case file is being sent to Planning and Workload Delivery then will forward the closed case file to Planning and Workload Delivery.
- (5) Referrals can be made to the WIIC Planning and Workload Delivery, if appropriate, even if an agreement is reached to enter into a CWA. Planning and Workload Delivery should provide feedback on the referral.

4.64 Central Withholding Agreement (CWA) Program

4.64.1.14.6 (09-11-2017) **Compliance Coordination**

- (1) Coordination with Exam or Collection personnel may be necessary if it is determined that the NRAAE is currently under examination or has ongoing collection activity.
- (2) Any request for compliance coordination will be routed through the group manager.
- (3) Continuation or cessation of activity will be determined once all appropriate discussions have been completed.

4.64.1.14.7 (09-08-2020) **Month End Report**

- (1) The Month End Report is a spreadsheet workbook consisting of 7 tabs containing subsidiary reports. The first tab is a summary of the other 6 tabs. The following reports are contained:
 - a. Summary Report
 - b. Assignments
 - c. CWA Agreements
 - d. DWL
 - e. Compliance
 - f. Exam Referral
 - g. Notes
 - h. Validation
- (2) The TS/RA and TE8 will make updates to the reports on a daily basis. The report will be updated after each action has been taken or information received.
- (3) The report is a fiscal year activity report.
- (4) In general, the following directions should be adhered to:
 - a. Do not use the first and last line in each month to enter data. Leave them blank.
 - b. Do not enter any amount on any line that is designated as "Total". These lines are populated by formulas.
 - c. Cells highlighted in yellow carry over to the Summary tab.
 - d. Entries are made for each NRA rather than at the group level, except the "Other Income" field on the CWA tab (which captures withholding for subsequent TS/RA actions) when it is not associated with a performer, e.g., for support artists not on the CWA application). All applicable information must be reported on each line.
 - e. When the "Other" field is used, information must also be entered in the comments field.
- (5) When adding information in a month and additional rows are needed:
 - a. Insert rows in the month the information will be entered.
 - b. Copy and paste the information into the added rows.
 - c. Verify the total columns for the month to ensure they have not been overwritten. If the total columns have been overwritten, then "undo" (Control + "z") the entry and try again.
- (6) If the TS/RA has any difficulties with the reports, the concern should first be raised with the manager. Additional assistance can be sought from the program analyst as appropriate.

Exhibit 4.64.1-1 (09-11-2017)
Internal Lead Template

[Document Typed in Calibri 11pt Font]

XXXXX [Enter 5 Digits of Assignment]

INTERNAL ASSIGNMENT

DATE INTERNAL CREATED: [Enter Creation Date of Internal Example: "02/03/2016"]

NAME OF ARTIST/BAND: [Name of Band or Artist]

of EVENTS: [Number of Events] US event(s)

DATE(S) OF TOUR: [Month/Numerical Day –Month/Numerical Day, 4 Digit Year Example: "March 03 - April 15, 2016"]

TOUR DATES AND LOCATIONS:

[List event date, Venue, City and State]

[XX/XX/XXXX] [Venue] [City, State]

CASE INFO: [Number of Artists] artist(s) from [Artist(s) Place of Residence]

[List artist(s) associated nine digit case number and legal name in format below]

00-XXXXX-01 [artist's legal name]

ZIP FILE CONTAINS: [Note: adobe prints of the web pages sited are used. Snagit can be used, sparingly, as an alternate method].

- a. **CA Profile:** [Indicate "Y" for Yes "N" for No]
- b. **CA Current year:** [Indicate "Y" for Yes "N" for No]
- c. **CA Historical info:** [Indicate "Y" for Yes "N" for No]
- d. **Link to Wikipedia:** [Indicate "Y" for Yes "N" for No] [Paste web page Hyperlink]
- e. **Link to Artist/Band Website:** [Indicate "Y" for Yes "N" for No] [Paste web page Hyperlink]
- f. **Pollstar:** [Indicate "Y" for Yes "N" for No] [Paste Web page Hyperlink]
- g. **Songkick:** [Indicate "Y" for Yes "N" for No] [Paste Web page Hyperlink]

NEW CASE ASSIGNMENT:

[Copy and Paste New Assignment Grid received from the gatekeeper]

PRIOR/CURRENT YR TOUR INFO:

[Copy and Paste all Prior and Current Assignment Grids received from the gatekeeper]

Or if none available state the following "None found per gatekeeper."

**Exhibit 4.64.1-2 (09-08-2020)
Internal Lead Festival Template**

XXXXX

INTERNAL FESTIVAL ASSIGNMENT

DATE INTERNAL CREATED:

NAME OF FESTIVAL and WEBSITE: "XXXX Festival" "http://www.XXX.com"

CONTACT:

Name:

Attn:

[Address]

Phone:

Fax: N/A

of Events: X US Event(s)

DATE(S) OF FESTIVAL: "June 16 – June 19, 2016"

CASE INFO: # Artists/Bands

[Columns showing: "NAME OF ARTIST (and BAND NAME)", "COUNTRY, WEBSITE"]

[List name of NRA (and Band name), Country, band's website from WIKI or if none available, the artists' links]

DUPLICATES:

[Columns showing: "LIST", "DUPLICATE", "ARTIST (BAND)", "CASE #", "EMPL ID"]

[List: "Duplicate", "Artist (Band)", "Case #", "Employee ID#"]

NEW CASE ASSIGNMENT:

[Copy and paste of new assignment from the Grid received from the GK]

PRIOR/CURRENT YR TOUR INFO:

[Copy and paste of all prior and current year assignments shown in the Grid received from the GK]

Or if none available state the following "None found per Gatekeeper."

TE: [The name of the TE 7 that completed the lead]

Exhibit 4.64.1-3 (09-11-2017)

Internal Boxer and Mixed Martial Arts Fighter Lead Template

XXXXX [Enter the 5 digits of the new assignment number]

INTERNAL BOXER / MMA ASSIGNMENT

DATE CREATED: [Enter Creation Date of Internal in the format: Month/Numerical Day, 4 Digit Year]

NAME OF BOXER: [Boxers Legal Name and "PKA" if applicable]

PROMOTER: [Name of Promoter]

OF EVENTS: [Number of US Events]

EVENT DATE: [Month/Numerical Day, 4 Digit Year]

LOCATION: [Event Location]

CASE INFO: Boxer / Fighter from [Place of Residence]

ZIP FILE CONTAINS: [Note: adobe prints of the web pages sited are used. Snagit can be used, sparingly, as an alternate method].

- a. Link to Wiki: [Indicate "Y" for Yes "N" for No] [Paste web page Hyperlink]
- b. BoxRec: [Indicate "Y" for Yes "N" for No] [Paste web page Hyperlink]
- c. [or if a MMA Fighter]: Sherdog: [Indicate "Y" for Yes "N" for No] [Paste web page Hyperlink]

New Assignment:

[Copy and paste of new assignment from the Grid received from the GK]

Prior Assignment:

[Copy and paste of all prior and current year assignments shown in the Grid received from the GK]

Or if none available state the following "None found per Gatekeeper."

TE: [The name of the TE 7 that completed the lead package]

Exhibit 4.64.1-4 (09-11-2017)**External Lead Template**

XXXXX [Case Number]

EXTERNAL ASSIGNMENT (GROUP 1XXX)**REC'VD in Downers Grove, IL: XX/XX/20XX****NAME OF ARTIST/BAND:****NUMBER OF EVENTS:** XX event(s) on application**TOUR DATES:** Month Day - Month Day, 20XX**CASE INFO:** XX artist(s) from Xxxxx [country]

[List individual NRA(s) associated nine digit case number and legal name in format below]

00-XXXXX-01; NRA's name; SSN XXX-XX-XXXX; DOB: XX/XX/XXXX

OPERATING AS A BUSINESS: "Y" or "N"; If "Y", list name / Country / Established Date:**W/A:** [type name; firm name; city, state, zip; phone number; fax number]**POA:** [type name; firm name; city, state, zip; phone number; fax number]**Contact Rep:** [type name; firm name; city, state, zip; phone number; fax number]**ZIP FILE CONTAINS:** [Note: adobe prints of the web pages sited are used. Snagit can be used, sparingly, as an alternate method].

- a. **CA Profile:**
- b. **CA Current Year:**
- c. **CA Historical Info:**
- d. **Link and File to Wiki:**
- e. **Link and File to Artist(s):**
- f. **JamBase:**
- g. **Pollstar:**
- h. **Songkick:**

TC 971 INPUT: "Y" or "N"**POA Info:** "Y" or "N"**Was F2848/8821 sent to Int'l CAF Unit:** "Y" or "N"**Was the F13930, POA, Itinerary, Budget included in the App for CWA:** "Y" or "N"**NEW ASSIGNMENT:** [Copy and Paste from Grid]**PREVIOUS ASSIGNMENT:** [Copy and Paste from the Grid]

Exhibit 4.64.1-5 (09-08-2020)

Electronic Case File (“ECF”) Server Structure

 2020 Tax Year	5/27/2020 2:18 PM	File folder
 2021 Tax Year	5/27/2020 2:18 PM	File folder
 Electronic Case File	5/27/2020 2:19 PM	File folder
 Group 10	5/27/2020 2:19 PM	File folder
 Group 11	5/27/2020 2:19 PM	File folder

Exhibit 4.64.1-6 (09-08-2020)**Structure of an Individual ECF Case**

The electronic case folder will be created by the TE when the case is created.

Electronic Case Folder Structure

Case Name - The electronic case folder will be named using the 5 digit case number and then the band name followed by the four-digit year of performance.

Example: 12345 Band Name YYYY (folder)

Within the main case folder there will be “subfolders,” the case spreadsheet, the CWA mail merge document and the appropriate ICS history.

1. **Assignment (subfolder)** – Contains assignment email, application and research files
2. **Initial IDRs and Responses (subfolder)** – Contains the initial IDRs and responses (pre-CWA execution)
3. **CWA Agreements and Letters (subfolder)** – Contains the CWA agreement, official letters and copies of the executed signature page and the venue notification letter. This folder may also contain copies of correspondence sent containing CWA, fax confirmation , etc.
4. **DWLs and Letters (subfolder)** – Contains DWLs and other letters
5. **Addendum and Related Documents (subfolder)** – Contains all documents associated with addendum, including, but not limited to, addendum request, IDR(s), actual CWA addendum, et
6. **Final Accounting (subfolder)** – Contains all documents associated with the Final Accounting. Nothing should be in this folder until final accounting is received from POA.
7. **EFTPS and Deposit Confirmations (subfolder)** – Contains EFTPS confirmation, Form 13920 and other deposit confirmations.
8. **Miscellaneous (subfolder)** – This will contain any additional working documents that may be related to the case.
9. **Case Spreadsheet**
10. **CWA Mail Merge Document** (can be deleted by TS/RA after CWA is created)
11. **ICS History** (at appropriate time)