



1. Double taxation - being liable to pay tax in both countries

If you have income from one country and are resident in another, you may be liable to pay tax in both countries under their tax laws. To avoid 'double taxation' in this situation, the United Kingdom (UK) has negotiated double taxation (DT) treaties with countries that include the United States of America (USA). The precise conditions that apply to your income from the UK as a resident of the USA can be found in the UK-USA Double Taxation Convention at www.gov.uk/government/collections/tax-treaties

2. The purpose of form US Individual 2002

Form US-Individual 2002 enables you as a resident of the USA to apply under the UK-USA Double Taxation Convention which, for taxes withheld at source, took effect on 1 May 2003) for relief at source from UK Income Tax on UK-source pensions (including personal pensions and the State Pension), incapacity benefit, purchased annuities, royalties and interest. You may use the form to claim relief in respect of any other income qualifying under Article 22 of the Convention - the 'Other Income' article. It also provides for a claim to repayment of UK income tax in cases where payments of the income have been made with UK tax deducted.

3. Tax vouchers

There's no need to send tax vouchers with your completed form US-Individual 2002, but you should keep them safe in case they're needed later to support your claim. If you have any doubt about how you've completed the form you can send vouchers if you think it will help us. If you receive a pension, please see the notes about part C.1 and part C.2 in the section 'Completing the form US-Individual 2002'.

4. Confidentiality

All the information you give to HM Revenue and Customs (HMRC) is confidential. We can therefore only discuss your tax affairs with you or any tax adviser named by you.

5. Residence in the United States of America and certification requirements

It's a condition of relief from UK Income Tax under the terms of the UK-USA Double Taxation Convention that the beneficial owner of the income is treated as resident for tax purposes in the USA. Your completed form US-Individual 2002 will therefore need certification by the US Internal Revenue Service (IRS) as evidence that you're considered by them to be resident in the USA for the purposes of the double taxation treaty. In making this application or claim, you're consenting to the IRS certifying to HMRC that you're resident in the USA for the purposes of USA tax.

Where to send the completed form

Send the completed claim form with the US Form 8802, Application for United States Residency Certification, and the applicable user fee to:

Department of the Treasury
Internal Revenue Service
Philadelphia, PA 19255-0625

Or, if mailed by private delivery service:

Internal Revenue Service
2970 Market Street
BLN# 3-E08.123
Philadelphia, PA 19104-5016

The Application for United States Residency Certification and its instructions are available at www.irs.gov

6. Help or more information

If, after using these notes you need help or more information:

- go to www.gov.uk and search for 'double taxation'
- phone HMRC on +44 135 535 9022 if calling from outside the UK, or 0300 200 3300 if phoning from the UK
- write to HM Revenue and Customs, Pay As You Earn and Self Assessment, BX9 1AS, United Kingdom

Please quote your HMRC reference number whenever you contact us.

7. Completing the form US Individual

Please:

- include on the form only the income on which you're claiming relief from UK tax under the provisions of the UK-USA Double Taxation Convention
- give all the information requested and attach any supporting documents that are asked for - if you need more room attach a separate sheet and write your name and your HMRC reference number on each additional sheet

Part A: Your personal details

Give all the details asked for and include your tax adviser's details, if you have one.

Part B

Put an 'X' in the boxes that apply to you and give any additional information asked for.

Please cross out all unused or partially completed sections.

Question 12 - Conduit arrangement

This question applies if you include interest, royalties or other income as provided for in the Double Taxation Convention under Articles 11, 12 and 22 respectively. It asks whether any income to which the claim refers is paid under a 'conduit arrangement'.

A conduit arrangement is defined in Article 3(1)(n) of the Double Taxation Convention as:

'(n) the term 'conduit arrangement' means a transaction or series of transactions: (i) which is structured in such a way that a resident of a Contracting State entitled to the benefits of this Convention receives an item of income arising in the other Contracting State but that resident pays, directly or indirectly, all or substantially all of that income (at any time or in any form) to another person who is not a resident of either Contracting State and who, if it received that item of income direct from the other Contracting State, would not be entitled under a convention for the avoidance of double taxation between the state in which that other person is resident and the Contracting State in which the income arises, or otherwise, to benefits with respect to that item of income

which are equivalent to, or more favourable than, those available under this Convention to a resident of a Contracting State; and (ii) which has as its main purpose, or one of its main purposes, obtaining such increased benefits as are available under this Convention.'

Part C: Application for relief at source from UK Income Tax

Give the details asked for to apply for relief at source from UK Income Tax on future payments of income. Relief at source may be available in cases where HMRC is able to exercise its discretion to issue a notice (under Statutory Instrument 1970 number 488, as amended). We deal with each application on its merits. Where we cannot agree to allow relief at source or cannot arrange it, you can claim repayment of the UK Income Tax taken off.

If relief at source is granted, you must write to HMRC at the address in note 6, without delay, and if there's any change to the information you've given on form US-Individual 2002.

Part C.1: UK State Pension or Incapacity Benefit

The UK State Pension is a National Insurance benefit and is taxable, but usually paid without deduction of tax. If you receive a UK State Pension you can claim exemption from UK Income Tax under the UK-USA Double Taxation Convention. Put an 'X' in the 'UK State Pension' box in part C.1 and give the date payments began.

State Pension deferral lump sum

If you've received a State Pension deferral lump sum from which UK tax has been taken off, complete part C.1 as above and enter in part D the amount of the lump sum and the amount of tax taken off. Send a photocopy of the notification of the lump sum award that you received from the Pension Service with your form US-Individual 2002. This will help us make the repayment.

Incapacity Benefit

Like the State Pension, Incapacity Benefit is taxable but is paid without the deduction of tax. If you receive Incapacity Benefit you can claim exemption from UK Income Tax under the UK-USA Double Taxation Convention. Put an 'X' in the 'UK Incapacity Benefit' box in part C.1 and give the date payments began.

Part C.2: UK pensions and purchased annuities

Certain types of pension and most annuities from the UK, paid to you as a resident of the USA, can be exempted from UK Income Tax.

If the pension and/or annuity is taxed under the PAYE (Pay As You Earn) system, any adjustment will go back to the latest of the following:

- the date on which you became resident in the USA for the purpose of United States tax
- the date payments of the income began
- the earliest UK tax year which remains in date for claiming repayment of UK Income Tax

Send a photocopy of the latest P60 that you've received from the UK payer of your pension with your form US-Individual 2002. This will help us make the adjustment.

Government service

UK source interest can be paid to you with no UK tax taken off. Any UK tax that has been taken off can be repaid to you.

Part C.3: UK interest

UK source interest can be paid to you with no UK tax taken off. Any UK tax that has been taken off can be repaid to you.

Interest from securities

UK tax is deducted from interest on loan stocks issued by:

- companies which are not quoted on the Stock Exchange
- local authorities

We may be able to arrange for interest on these stocks to be paid with no tax taken off.

Interest from the following UK sources is paid with no UK tax deducted, so there's no need to apply for relief from UK tax at source.

Do not enter in part C.2:

- interest from company loan stocks quoted on the Stock Exchange (paid automatically without deduction of UK tax)
- interest from UK government securities (paid automatically without deduction of UK tax)
- interest from UK banks and building societies (paid automatically without deduction of tax)

Other interest

If you receive interest from a privately arranged loan, give the following details on a separate sheet and attach a copy of the loan agreement:

- name and address of the UK payer of the interest
- date of the loan agreement
- amount of the loan
- due dates of the interest

Part C.4: Royalties

Most UK source royalties can be paid to you with no UK tax taken off. Any UK Income Tax that has been taken off can be repaid to you. The Double Taxation Convention allows relief only to the beneficial owner of the royalties. The beneficial owner is normally the originator of the work or product.

Copyright royalties for literary, dramatic, musical or artistic works

If you're not the originator but have acquired the rights, attach a copy of the licence, contract or assignment under which you have acquired the UK rights, to form US Individual 2002. This will help us to check that the beneficial ownership condition in the Double Taxation Convention is satisfied.

Other royalties

Attach a copy of the licence agreement, between you and the UK payer of the royalties, to the form US-Individual 2002. If you're not the originator of the product giving rise to the royalties but have acquired the rights, also attach a copy of the licence, contract or assignment under which you've acquired the UK rights.

Part D: Claim for repayment of UK Income Tax

Interest and royalties

As explained in these notes, the UK-USA Double Taxation Convention provides for no UK Income Tax to be withheld from payments of interest and royalties. If you've received interest or royalty payments from which UK tax has been taken off, you may claim repayment of the UK tax.

Trivial Pension Commutation Payments

Since 6 April 2006, registered pension schemes and life insurance companies can pay 'Trivial Pension Commutation Payments'. This means that instead of receiving a small

annual pension or annuity, a single lump sum is paid. UK tax is taken off these amounts under the normal PAYE (Pay as You Earn) rules.

If you've received a Trivial Pension Commutation Payment and on the date the lump sum was paid you were resident for tax purposes in the USA, you can claim repayment of the tax that has been taken off. Please:

- enter details of the lump sum
- attach Parts 2 and 3 of the form P45 that you received from the payer of the lump sum

You can find more information about claiming tax taken off a State Pension lump sum in the note about State Pension at part C.1 above.

Income from a trust or estate

If you receive payments from a trust or estate, write the name of the trust or estate in the source of income box.

If you've received a payment from a discretionary trust, write both the name of the trust and its UK tax reference number in the source of income box. HMRC will 'look through' to the income received by the trustees and work out the repayment due to you. It's likely that you'll only be entitled to some of the amount shown as tax credit at the rate applicable to trusts in the Statement of income from trusts, R185 (Trust Income), given to you by the trustees.

Part E: Payment details and authority

E1 Payment to a nominee

You should only fill in Part E1 if you want HMRC to make any repayment to a nominee on your behalf. We'll send the repayment by post direct to your nominee's address so you'll need to give the full postal address and other details asked for on the form.

E2 Payment made to you at another address

If you want HMRC to send the repayment to you at an address that is not your residential address, give details in part E2.

Part F: Declaration

You must sign the form. You may claim on behalf of:

- an unmarried minor (someone under the age of 18)
- a mentally incapacitated person
- someone who has died

Claims should normally be made by:

- a parent or guardian on behalf of an unmarried minor
- the person authorised by the courts to look after the affairs of a mentally incapacitated adult (or the Department of Work and Pensions appointee)
- the executor or administrator of the estate of someone who has died (the claim will relate to income up to the date of death only)

Ask HMRC if you're in any doubt about whether you're the right person to make the claim. Remember that in these notes and in the form, references to 'you' and 'your' may equally apply to the person on whose behalf you're claiming.