



Chief Financial Officer Division

Date: 01 August 2024

Directive No.: CFO 2024/001

Revises:

Amends:

Supersedes: FIN 2023/001

United States Income Tax and Self-Employment Tax

Purpose

1. The purpose of this directive is to provide updated IRS and WFP procedures regarding U.S. Income Taxes and requests for tax reimbursements and advances, as well as the guidance on Social Security contributions (self-employment taxes) for U.S. citizens working within the USA.

Background

2. This Directive applies to staff members who are entitled to reimbursement of United States Federal Income Tax and State or Local Income Taxes.
3. Entitled staff members, including short-term staff members, are United States citizens and resident aliens (permanent residents, and green card holders) whose terms of employment specifically entitle them to income tax reimbursement. Affiliate employees (such as consultants) are not entitled to such reimbursement.
4. This Directive governs the settlement of U.S. Income Tax claims for the taxable year 2023 and requests for advances for 2024 estimated U.S. Income Tax.
5. As has been the case since 1981, **gross salary plus post adjustment and allowances will be used in reporting WFP-derived income (i.e. the Total Income).**
6. Annex 1 provides responses to the most frequently asked questions on the reimbursement of U.S. Income Tax by WFP. The concerned staff member should read it carefully, and be sure that anyone who assists him/her in the preparation of his/her tax returns also reads it. **By submitting a request for Income Tax Reimbursement and/or Advances, the staff member certifies the accuracy of statements made and data provided, that the tax returns uploaded to the Tax Portal are true, correct, and complete and that the information in the tax returns is identical to the ones filed with the official tax authorities; and gives consent to the Organization to obtain certain verifications directly from the Internal Revenue Service (IRS).**



See

- Important Notices and Dates on page 2-3
- Section on Self Employment taxes on page 10
- Frequently Asked Questions on page 12
- Checklist of Required Supporting Documentation on page 19

Important Notices and Dates:

Accessing the Tax Portal:

As of 19 February 2024, the FAO Tax Unit has rolled out a newly re-programmed Tax Portal. Thus, all US taxpayers who are eligible for tax reimbursement will need to register to obtain their new login credentials. Please go to Go to: <http://lowustaxportal.fao.org> to register. Note that it may take up to five business days to revert.

Software requirement: The Tax Portal is compatible with the following operating systems: Windows OS and Apple OSX. The Tax Portal is compatible with the following browsers: Explorer, Firefox, Safari, and Chrome.

For queries regarding use of the Tax Portal, please email the Tax Unit: LOW-USTAX-Settlement@fao.org.

DEADLINES for submission of Tax Portal requests for 2023 tax reimbursement, 2024 tax advance, and IRS estimate tax payments (This deadline includes staff members providing all pertinent documentation to their tax portal request):

Tax Reimbursement:

- | | |
|--|--------------------------|
| (1) For staff members claiming reimbursement who <u>have received</u> a 2023 tax advance | <u>15 September 2024</u> |
| (2) For staff members claiming reimbursement who have NOT received a 2023 tax advance | 30 November 2026 |

Tax Advance:

For staff members who want to request a 2024 tax advance	<u>30 November 2024</u>
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IRS Due Dates for Estimate Tax Payments:

- 1st Quarter – 15 April 2024
- 2nd Quarter – 17 June 2024
- 3rd Quarter – 16 September 2024
- 4th Quarter – 15 January 2025



1. The FAO Tax Unit is **no longer requiring** the completion of [the IRS 8821 and 4506-T forms](#). As a replacement, staff members who are claiming tax reimbursement are required to review and sign the **Declaration form as shown in Attachment 3**.
2. Self-employment tax: see paragraph 52 (page 12). All US citizens who are liable to pay their share of self-employment tax on WFP earnings are encouraged to enroll with the ITS – Electronic Federal Tax Payment System (EFTPS)

Additional information about EFTPS – <https://www.irs.gov/pub/irs-pdf/p4990pdf>
Also, staff members may use IRS Direct Pay via <https://www.irs.gov/payments/direct-pay>

2023 U.S. Income Tax Returns

7. Staff members should refer to [IRS Publication 54 “Tax Guide for U.S. citizens and resident aliens Abroad”](#) for the conditions to be met in order to qualify as a “*bona fide residence*” or under the “*physical presence*” test. A U.S. citizen or resident alien working abroad can qualify for the foreign earned income exclusion and foreign housing costs exclusion provided s/he meets the “*physical presence*” test.
8. U.S. citizens and resident aliens residing abroad on 15 April 2024 are automatically granted a two month extension for filing their U.S. income tax returns, provided they submit a statement with their return justifying this extension (17 June 2024). However, IRS regulations state that interest charges will be applied to any unpaid tax from the actual deadline of 15 April 2024. Each staff member is fully responsible for all such interest charges. They can apply for an additional 4-month extension by filing the IRS Form 4868 no later than 15 June 2024. The IRS must officially approve filing extension requests.
9. All staff members who received advances to pay estimated taxes for the tax year 2023 must apply for reimbursement in the Tax Portal **no later than 15 September 2024**. If the staff member does not submit their portal request by this date (**with all pertinent documentation**), any tax advance payments paid by WFP will be **recovered through salary deduction via payroll, starting in October 2024**.
10. Please note that the limit on the amount of foreign earned income that may be excluded from the gross income for 2023 taxable year is \$120,000. Individuals meeting the “*bona fide residence*” test (resident of a foreign country or countries, for an uninterrupted period that includes a full taxable year) or the “*physical presence*” test (present in a foreign country or countries, for at least 330 days out of a 12 consecutive month period) should exclude foreign earned income attributable to the period of their residence in a foreign country at a rate of up to \$120,000. The exclusion is reduced on a daily basis if a taxpayer qualifies under the “*bona fide residence*” or “*physical presence*” test for only part of the tax year. When claiming the Foreign Earned Income Tax Credit, the taxpayer must use the Foreign Earned Income Tax Credit Worksheet to calculate their actual tax liability (see [IRS instructions for form 2555](#) and the



1040).

11. In addition to the Foreign Earned Income Exclusion described above, qualifying taxpayers may elect to exclude an additional amount based upon foreign housing costs. Please consult [IRS Publication 54](#) and the Instruction for IRS Form 2555. Staff members are required to take this exclusion when applicable.

Income Tax Assistance and Inquiries

12. FAO-LOW cannot provide tax advice or assistance to staff members. However, FAO-LOW can provide detailed information regarding the calculation of reimbursements and advances as it relates to WFP-derived income. Staff members may email LOW-USTaxSettlement@fao.org to obtain contact information for CPAs/Tax Preparers who can provide tax advice. In addition, FAO-LOW cannot communicate directly with the tax authorities on the staff members' behalf.
13. To obtain specific tax or contact information, please refer to the following (commonly requested) links:
 - Internal Revenue Service @ <http://www.irs.gov>
 - The IRS list of international phone numbers - <http://www.irs.gov/uac/Contact-My-Local-Office-Internationally>
 - To obtain an IRS transcript online - <http://www.irs.gov/Individuals/Get-Transcript>
 - For more information on the Foreign Earned Income Exclusion [here](#).
 - New York State Department of Taxation and Finance @ <http://www.tax.ny.gov>
 - State of New Jersey, Department of the Treasury, Division of Taxation @ <http://www.state.nj.us/treasury/taxation/>
 - State of Connecticut, Department of Revenue Services @ <http://www.ct.gov/drs>
 - Government of the District of Columbia, Office of Tax and Revenue @ <http://www.otr.cfo.dc.gov>
 - Comptroller of Maryland, Revenue Administration Division @ <https://www.marylandtaxes.gov/>
 - Virginia Department of Taxation @ <http://www.tax.virginia.gov>

Requests for Reimbursement of U.S. Income Tax for 2023

14. The reimbursement of U.S. Income Tax on WFP earnings (gross salary, post adjustment, allowances etc., i.e., the amount referred as "Total Income" on the Earning Statement) for the taxable year 2023 have been established by FAO-LOW according to FAO Staff Rule 302.3.153:

Limitation of Reimbursement: "Staff members who are entitled to the reimbursement of income tax under their terms of appointment shall be reimbursed the minimum income tax legally payable and actually paid on their [WFP]-derived income. The amount thus reimbursable shall be calculated on the basis of the difference between (a) the minimum income tax legally payable on all taxable sources of income including the [WFP]-derived income and (b) the minimum income tax that would have been legally payable if, for the purposes of the calculation of tax, no account was to be taken of the [WFP]-derived income. In both calculations account will be taken of all exemptions, deductions and credits allowed under the laws and



regulations of the jurisdiction concerned.”

15. Income tax reimbursements are for the tax attributable to WFP salary and emoluments. This tax is considered to be the difference between (a) the actual total tax payable for the year as shown in the tax return with the WFP income included (presumably a copy of the original that was filed with the IRS); and (b) the tax that would be payable if WFP income were excluded from total income. Both calculations use the **actual** income (income referred on the tax returns), loss, adjustments to income, total deductions and exemptions claimed by the staff member on his/her tax return(s) to arrive at the taxable income.

“The limitation of exemption that results from including United Nations earnings in alternative minimum taxable income is taken into consideration for the calculation of reimbursement of alternative minimum tax. Additional Medicare tax and net investment income tax are employees’ responsibility and are not reimbursed by the United Nations.” (UN Secretariat ST/IC/2017/4 page 18)

“Note: Phased-out exemptions and limitations of itemized deductions that may result from inclusion of United Nations earnings are not claimable. Premium, additional child and other tax credits (under “payments” on the second page of IRS form 1040) for which a staff member may be eligible on the basis of non-United Nations earnings alone, but for which a staff member is not eligible on the basis of actual total income, including United Nations earnings, are also not claimable”. (UN Secretariat ST/IC/2017/4 page 7)

16. The “Statement of WFP-Derived Income” (Statement) will be available to each staff member who is a U.S. citizen or resident alien¹ by the WFP Corporate Payroll Branch. The **Total Income** shown on the Statement should be reported on IRS Form 1040, Line 1 (and the appropriate state tax form, if applicable).
17. If the staff member believes the amounts reflected on the Statement are not correct, he/she should communicate with the WFP Corporate Payroll Branch as quickly as possible and obtain the necessary documentation and forward a copy to FAO-LOW.
18. All U.S. citizens and resident aliens are required to file a 2023 U.S. Income Tax Return with the appropriate tax authorities even though they may have no tax liability. FAO-LOW recommends that staff members with no tax liability submit a reimbursement request in the Tax Portal to establish a “point of reference” in case the IRS or state tax authorities send a Notice of Assessment claiming additional tax liability. FAO-LOW would then be able to reimburse the staff member for (some, if not all of) this tax assessment on WFP-Derived Income, even beyond WFP’s two-year time limit. In this case, the staff member can submit an amended return or the official notice from the tax authorities to the LOW Tax Unit to re-assess calculations for an amended settlement. Staff members are asked to email LOW-USTaxSettlement@fao.org for more specific instructions.

¹ Resident aliens who became subject to U.S. Income Tax during 2023 should notify the WFP Corporate Payroll Branch of their status as soon as possible in order to be included in the list of staff members who are eligible for the U.S. Income Tax Reimbursement Program.



19. FAO-LOW provides the option of paying the tax authorities directly. Staff members are strongly encouraged to request this option in the Tax Portal when creating a reimbursement and/or settlement of their final tax claims.
20. Staff members who did not request an advance may request FAO-LOW to pay the tax authorities directly for the total amount of the tax year's settlement (per WFP-derived income).
21. Staff members on whose behalf FAO-LOW paid tax advance to the tax authorities that was less than their actual tax liability from WFP-derived income, must first create the tax reimbursement in the Tax Portal, and request that the Tax Unit pay the tax authorities directly for the remaining tax liability (equals the actual tax liability minus the amount of the advance).
22. Staff members are responsible for the tax liability from non-WFP derived income, as set out in HR Manual IV.6.8, their portion of the Self-Employment Tax, interest charges and penalties. These are not the responsibility of the Organization.
23. Once the request for reimbursement or direct settlement to the tax authorities has been processed, payment notification will be emailed to the staff member along with instructions on how to access payments via the Tax Portal.
24. If the staff member receives a tax refund from either the IRS or state tax authorities, he/she must provide a copy of the notification or refund check to FAO-LOW Tax Unit for review and any applicable re-calculation of the reimbursement or direct settlement. The details can be discussed with the staff member.
25. Staff members are responsible for notifying FAO-LOW promptly of any amended tax returns that were filed subsequent to the original income tax forms submitted to FAO-LOW. In addition, any increases or decreases in the staff member's tax liability may require an amended settlement.

Advances for 2024 Estimated Income Tax

26. Effective 1 January 2014, all tax advances are paid directly to the tax authorities by FAO-LOW for credit to the staff member's/taxpayer's individual account as estimated tax payments. It is the responsibility of the staff member to enact separate payment(s) on their share of the self-employment tax, if applicable, and estimates on any non-WFP taxable income.
27. FAO-LOW will process the first quarter advances due on 15 April 2024 **if** the tax portal request is submitted and all completed documentation is received at least **30 days prior to legal filing date**. The second quarter advances will be processed for payment by 17 June 2024. And the third and fourth quarter advances will be processed for payment by 16 September 2024 and 16 December 2024, respectively.



28. Tax advances for 2024 will not be made until proof of payment for 2023 tax liability has been furnished to FAO-LOW.
29. FAO-LOW will process tax advances directly to the IRS, unless the Staff Member submits acceptable proof of payment/s , indicating that payment was specifically made for 2024 estimate tax (note: roll over credit is not considered as a reimbursable payment). In this case, FAO-LOW will process a direct deposit to the staff member's U.S. based bank account. Once the advances are processed, FAO-LOW will send an email to the staff member advising him/her that payment is completed, with instructions on how to access payment information through the Tax Portal.
30. Staff members should bear in mind that if they have tax due on any non-WFP income, it is their responsibility to pay that amount, including any necessary IRS related advance payments.
31. Staff members should make the WFP Corporate Payroll Branch and the FAO Tax Unit aware of any changes in their status, so that tax advance calculation may be revised as needed. .
32. If a staff member's advances for estimated taxes made directly by FAO-LOW to the tax authorities exceed the entitlement covering the total tax liability, the over-advance will be applied to the following year's advance. If the staff member has an outstanding advance due to the estimated tax being higher than the actual liability for two consecutive years, the Tax Unit will request that the staff member refund that over advance amount to the Organization. The amount can also be recovered directly from salary, should the staff member request it.
33. Staff members may request an adjustment of their tax advances by contacting the Tax Unit. The Tax Unit will provide details regarding necessary documentation.
34. Staff members who expect to separate from WFP within the calendar tax year are eligible to receive tax advances based on their Statement of **Estimated** WFP-Derived Earnings (which must be requested to HR via WSS using the dedicated request form and provided to the Tax Unit). The payment will be made directly to the tax authorities and not to the staff member. FAO-LOW's calculation will be based upon prior year's actual income tax or 90% of the estimated income tax, whichever is lower.
35. Staff members must inform FAO-LOW as soon as possible of the date of their separation from the Organization. When a staff member who has received tax advances leaves the Organization before the end of the year, FAO-LOW estimates the amount of reimbursement owed to the staff member for the partial year worked and compares it to the amount of advances already received. If the amount of the advances already received exceeds the estimated tax owed, the difference is subtracted from the staff member's terminal emoluments. Staff members who plan to leave the Organization and who wish to avoid such a deduction from their terminal emoluments should consult FAO-LOW as soon as possible to reduce the amount of tax advances that would otherwise be paid on their behalf.



36. For separating staff members who would like to apply for an advance, please refer to the HR Manual IV.6 and II.12.8.6 on partial retention on terminal emoluments, which states:

“Partial Retention of Terminal Emoluments [...] Upon separation, the Programme withholds from a staff member’s terminal emoluments the amount indicated below for the following items [...]: any monetary advances still outstanding against the Staff member’s personal vendor account. The amount to be withheld with respect to tax advances paid directly by FAO to tax authorities will be limited to a maximum of 20% of the separating staff member’s terminal emoluments.”

37. The policy for separating staff members with an outstanding 2024 tax advance means that WFP will retain 20% of terminal emoluments until the settlement of 2024 US income tax reimbursement.
38. If the staff member would like to avoid retention of terminal emoluments due to tax advances, he/she should not request a tax advance, or if a tax advance was already disbursed, refund that amount to the Organization.

State and Local Income Taxes

39. For the 2023 tax year, staff members whose terms of employment entitle them to Income Tax Reimbursement will be reimbursed for State and Local Income Taxes (if legally required by State and/or Local City tax authorities to file and pay income tax).
40. Staff members requesting reimbursement should create the appropriate year’s tax reimbursement and upload a copy of the signed/filed State *and/or* Local Income Tax Return, with evidence of payment(s) for any final tax liability. Staff members may also request that the Tax Unit pay the state/local tax authorities directly (it is a “check box” option in the tax portal).

Accessing the Tax Portal

41. As of 19 February 2024, the FAO Tax Unit has rolled out a newly re-programmed Tax Portal. Thus, all US taxpayers who are eligible for tax reimbursement will need to register to obtain their new login credentials.
42. Please go to Go to: <http://lowustaxportal.fao.org> to register. Note that it may take up to five business days to revert.
43. WFP retirees requesting a final tax reimbursement must upload a scanned copy of the UNJSPF benefit letter to the tax reimbursement request, as well as the other mandatory documentation. This letter provides the necessary details which are necessary for the calculation of the taxable portion of the staff members’ pension.
44. For further information on the UNJSPF, please contact the United Nations Joint Staff Pension Fund at
- E-mail address: UNJSPF@un.org



- Phone: (212) 963-3146
- Website: <http://www.unjspf.org>

Reimbursement and advance requests

45. Staff members can make requests for reimbursement and advances in the Tax Portal. Staff members holding *fixed-term contracts* are eligible for tax reimbursements and advances. Staff members holding short-term contracts are eligible for tax reimbursements, but not tax advances. Staff members can choose the appropriate request per the requests drop down menu.
46. By submitting a request for income tax reimbursement and/or advances, the staff member is certifying the accuracy of statements and data provided and gives consent to the Organization to obtain certain verifications directly from the Internal Revenue Service (IRS). This is explained in Annex 1 paragraphs 5-10. Please read carefully as it defines the staff member's responsibility for informing the Organization of any changes in tax liability or filing of amended tax returns for any reason.
47. You will need to upload the following documentation to the tax reimbursement request in the Tax Portal. The Tax Unit prefers PDF or JPG formats.
48. Staff members receiving advance for payment of estimated taxes are expected to comply with the procedures, as outlined above. All tax advances must be settled by 15 September 2024. After this date, FAO-LOW will request the Chief of the WFP Corporate Payroll Branch to take the necessary action to recover the tax advance amount via payroll deductions starting the following month.
49. Should any changes in U.S. Income Tax Rules and Regulations affect the instructions in this Directive subsequent to its distribution, an appropriate amendment will be issued.

Time Limits for Reimbursement

50. As per WFP HR Manual IV.6.6.1 ("*Time Limits for Reimbursement*"), the Organization "*does not entertain any claim for reimbursement of income taxes more than two years after the last date on which the staff member is required to file his or her return, including any extension of filing date authorized under the relevant tax laws and regulations*". This includes situations where the staff member created the tax reimbursement request but did not provide all of the mandatory documentation.



Disagreement with the tax reimbursement or advance calculations

51. Each Staff Member who applied for a tax reimbursement or advance who received the results of the FAO Tax Unit's calculations and disagrees with some aspect of either the calculation or the application of the policy, may request that the FAO Tax Unit Supervisor review their case.
52. If the FAO Tax Unit Supervisor is not able to resolve the concern(s) satisfactorily, the Staff Member may then request that the FAO Deputy Director of Finance (or Deputy Finance Director) review the case.
53. This process is subject to the two-year limitation policy stated in WFP HR Manual IV.6.6.1.

Social Security contributions (self-employment taxes) - for US citizens working within the USA

54. On 13 September 1960, the US Congress amended the Social Security Act by extending coverage to US citizens performing services within the USA as employees of international agencies. This coverage became effective 1 January 1960.
55. The earnings of a US citizen (but **not** resident aliens, i.e. "green card" holders) for services performed while in the USA are taxable for social security purposes. Similarly, US citizens stationed abroad will have to pay social security tax on their WFP-derived income for services performed while on temporary duty in the USA - if those earnings amount to USD 400 or more within one calendar year.
56. Social Security coverage is compulsory and penalties apply in the event of non-payment of the applicable social security tax.
57. US citizens employed by WFP abroad, but who return to the USA on temporary duty assignments are required to report WFP-derived earnings that are applicable when such earnings amount to USD 400 or more during any one calendar year. Schedule SE of IRS Form 1040 should be used for this purpose, and attached to the filed federal income tax return. For specific instructions on how to correctly complete IRS Schedule SE, please refer to the IRS Instructions for Schedule SE.
58. The Internal Revenue Service classifies U.S. international civil servants as self-employed for social security purposes. For 2023, the self-employment social security rates are 15.3% for self-employment earnings up to USD 160,200 (12.4% for old age, survivors, and disability insurance plus ½ for hospital insurance) and 2.9% (for hospital insurance) on self-employment earnings exceeding USD160,200. The maximum amount of the tax was thus USD 24,511 on earnings up to USD 160,200 plus the applicable 2.9% on earnings in excess of USD160,200.
59. WFP will reimburse 50% of self-employment tax on self-employment earnings on WFP taxable earnings as calculated on IRS Schedule SE. The staff member is responsible for the remaining 50%. Effective as of 2020, the staff member is also responsible for an additional 0.9% Medicare Tax on wages and self-employment (SE) income that exceeds USD 200,000 for individuals and those filing as head of household, USD 250,000 for married couples filing joint tax returns, and



USD 125,000 for single and married filing separate tax returns. The additional 0.9% Medicare tax is calculated on IRS Form 8959.

60. An individual's Total Federal Estimated Tax is defined as the sum of his or her estimated income tax and self-employment tax. The IRS requires US citizens to pay this Total Federal Estimated Tax on a quarterly basis.
61. Staff members who are subject to self-employment tax (SE tax) on WFP earnings are advised to pay quarterly payments of their share by the IRS due dates mentioned on page 3 of this Directive. In addition, staff members may also be required to make additional self-employment tax payments to the IRS and/or the State tax authorities on their taxable income from sources other than WFP.
62. The Organization's liability for the reimbursement of self-employment tax is the same as a U.S.-based employer that would be able to withhold payroll taxes.
63. This Directive supersedes FIN 2023/001 dated 28 April 2023.

Robert van der Zee
Chief Financial Officer (CFO)



ANNEX 1

MOST FREQUENTLY ASKED QUESTIONS ON INCOME TAXES IN THE UNITED NATIONS

The following most frequently asked questions are explained in detail. Please read it and forward it to your tax preparer for review. Please note that these questions do not comprise an exhaustive list, and therefore should not be used in lieu of the Directive on United States Income Tax.

1. What is the main purpose of the United Nations tax reimbursement system?

The United States does not exempt WFP earnings of its taxpayers from taxes. In the interest of equity, the UN General Assembly established a system (Tax Equalization Fund) to reimburse income taxes to those staff members who are required to pay taxes in respect of salaries or other emoluments they receive from the United Nations. The purpose of the reimbursement system is to place UN staff members subject to taxation in the position they would have been if their salaries and emoluments had been exempt from taxation. Hence, it is intended neither to provide a benefit, nor to place the staff member at a disadvantage, in relation to other UN staff members who are not required to pay taxes to a Member State on their UN emoluments. FAO adopted the Tax Equalization Fund in Conference Resolution No. 1/1961.

2. What is staff assessment and how is it related to income taxes?

Staff assessment is an amount deducted from all WFP staff members' gross pay according to the FAO/WFP Staff Regulations and Rules, regardless of their nationality. When staff members are required by national law to pay income taxes on their WFP earnings, they are reimbursed irrespective of the total amount of staff assessment deducted from their salaries. Staff assessment cannot be claimed as a deduction on United States income tax returns nor be reimbursed to staff members under any circumstances.

3. Who is subject to United States income taxation on WFP earnings?

United States citizens and permanent residents are subject to United States income tax on their WFP earnings. In addition, United States citizens serving in the United States are also subject to self-employment tax on their WFP earnings. WFP reimburses those staff members who have to pay the United States income taxes due on their WFP earnings as well as one half (1/2) of the related self-employment taxes payable by the United States citizen.

4. Who has to pay self-employment tax and what is a staff member's share?

Based on United States law, it is mandatory that all United States citizens who perform work-related activities (not vacation or sick leave) in the United States pay self-employment tax on their earnings. United States citizens serving abroad who spend time on official duty in the U.S. are subject to self-employment tax for official work days. For 2023, WFP/FAO Tax Unit will reimburse 50% of self-employment tax on self-employment earnings on WFP taxable earnings as calculated on IRS schedule SE. The staff member is responsible for the balance. The staff member is also responsible for the additional 0.9% Medicare Tax on wages and self-employment (SE) income that exceeds certain thresholds. The additional 0.9% Medicare tax is calculated on IRS Form 8959.



Note: U.S. citizens who work outside of the U.S. are not subject to Self-Employment tax, as the UN is not considered a U.S. company; it is an international organization.

5. How does a staff member request an income tax reimbursement and/or advance from the FAO Tax Unit?

Staff members who are eligible for tax reimbursement must be granted access to the FAO Tax Portal in order to create and submit their reimbursement and/or advance requests, and upload all supporting documentation (see Checklist on page 18).

As of 19 February 2024, the FAO Tax Unit has rolled out a newly re-programmed Tax Portal. Thus, all US taxpayers who are eligible for tax reimbursement will need to register to obtain their new login credentials. Please go to: <http://lowustaxportal.fao.org> to register. Note that it may take up to five business days to revert.

Software requirement: The Tax Portal is compatible with the following operating systems: Windows OS and Apple OSX. The Tax Portal is compatible with the following browsers: Explorer, Firefox, Safari, and Chrome.

6. How do I submit additional documentation through the Tax Portal System (to a request that's already been submitted)?

Go to the [Tax Portal](#), choose the appropriate request, go to the bottom of the page and click the Add Attachment icon (looks like a paper clip). Be sure that you see the uploaded document(s) as a hyperlink before logging out of the Tax Portal.

7. What are the deadlines for submitting requests for income tax reimbursements to FAO-LOW and filing with United States tax authorities?

All staff members who received tax advances to pay estimated taxes for 2023 must apply for reimbursement in the Tax Portal **no later than 15 September 2024**. If the staff member does not submit their portal request by this date, any tax advance payments paid by FAO will be **recovered through salary deduction via payroll, starting in October 2024**.

The deadline for filing federal tax with IRS is 15 April 2024. U.S. citizens and resident aliens residing abroad on 15 April 2024 are automatically granted a two month extension (17 June 2024) to file their U.S. income tax returns, provided they submit a statement with their return justifying this extension. Staff members who are based Outside the U.S. are reminded that when filing their federal tax returns, they should include a note on the top of the 1040 that states "Overseas Filer – Automatic two month filing extension" to notify the IRS of your status. Please note that this deadline is not applicable to payment of tax liability. If the staff member has tax liability due, the IRS expects the payments to be made per their deadline.

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Estimated IRS Tax Payments due dates:

1st Quarter – 15 April 2024

2nd Quarter – 17 June 2024



3rd Quarter – 16 September 2024

4th Quarter – 15 January 2025

Staff members are advised to consult IRS issuances (www.irs.gov) that may alter these and other tax-related deadlines.

8. How does the FAO calculate income tax reimbursements due to staff members?

Income tax reimbursements are processed per the tax attributable to WFP salary and emoluments. This tax is based on the income tax returns submitted by a staff member. The LOW Tax Unit will calculate the following:

- (a) the **actual total tax payable** for the year as shown in the copies of the tax return with the WFP-derived income included; and
- (b) the tax that would be payable if WFP income were excluded from total income.

Both calculations use the **actual** income, loss, adjustment to income, total deductions and exemptions claimed by the staff member on his/her tax returns to arrive at the taxable income. The difference between the two calculations is the tax attributable to WFP-derived income.

“The limitation of exemption that results from including United Nations earnings in alternative minimum taxable income is taken into consideration for the calculation of reimbursement of alternative minimum tax. Additional Medicare tax and net investment income tax are employees’ responsibility and are not reimbursed by the United Nations.” (UN Secretariat ST/IC/2017/4 page 18)

“Note: Phased-out exemptions and limitations of itemized deductions that may result from inclusion of United Nations earnings are not claimable. Premium, additional child and other tax credits (under “payments” on the second page of IRS form 1040) for which a staff member may be eligible on the basis of non-United Nations earnings alone, but for which a staff member is not eligible on the basis of actual total income, including United Nations earnings, are also not claimable”. (UN Secretariat ST/IC/2017/4 page 7)

To illustrate, assume that a staff member and his/her spouse working in Rome, filed as married filing jointly, had no dependents, and were not subject to Social Security tax:

WFP-derived income	\$150,000
Non-WFP-derived income	50,000
Less: Deductions	(27,700)
Foreign Earned Income Tax credit (exclusion) <u>(120,000)</u>	
Taxable income	\$52,300
<i>Tax Liability</i>	<i>\$11,506</i>

Non-WFP income	\$50,000
Less: Deductions	<u>(27,700)</u>



Taxable income	\$22,300
<i>Tax Liability</i>	<i>\$2,239</i>

Overall Tax Liability	\$11,506
Tax Liability from non-WFP-derived income	<u>(2,239)</u>
Total Amount Reimbursable to Staff Member	\$9,267

9. I do not have a US bank account. Can I be paid by check?

The Tax Unit does not process checks directly to staff members. Tax payments can only be made to the staff member's US bank account (electronic banking) or directly to the tax authorities (by check). For 2024, there might be an alternative way to pay staff members who do not have a U.S. bank account. Please email the Tax Unit for further information (LOW-USTAX-Settlement@fao.org).

10. Who gets the tax refund that a staff member receives from the tax authorities?

Entitlement to tax refunds is dependent upon who overpaid the tax authorities. If the staff member receives a tax refund from either the IRS or state tax authorities, it is mandatory that the staff member notifies FAO-LOW which will review and discuss the details. Staff members who continue to be subject to US income taxes on WFP earnings should indicate on their tax return that the over-payment should be applied to the following year's estimated taxes. Separated staff members should return WFP's portion of the tax refunds to the Organization.

11. Who pays the penalties and interest imposed by tax authorities?

Staff members are responsible for filing complete, correct and timely tax returns, as well as paying the tax authorities per their deadlines. WFP will not reimburse staff members for penalties and/or interest imposed by tax authorities on their WFP earnings unless they are:

- (a) for delays in payment attributable to the Organization;
- (b) related to a tax exemption on which the staff member received advice from the Tax Unit, as described in WFP HR Manual IV.6.5.2; or
- (c) otherwise the result of written instructions given by the Tax Unit.

WFP will not pay any late filing penalties under any circumstances. Staff members are, therefore, advised to file the appropriate extension forms with tax authorities before the deadline for filing is due.

12. What is a Statement of Estimated Earnings? Why do I need it and where does it come from?



The Statement of Estimated Earnings is a statement that shows the staff member's estimated income for the following calendar year. It is needed when requesting an advance based on estimated tax (Option B). This statement is requested to HR via WSS using the dedicated request form and issued by Corporate Payroll Branch.

13. I am getting ready to send my tax return to the IRS. However, I would like to have it reviewed. Is there someone at FAO who could do this for me?

FAO-LOW issues tax reimbursement for individuals who have already **filed** their taxes with the tax authorities. You may choose to employ a tax preparer or service center to prepare your tax return. WFP/FAO is not in a position to either review tax forms for accuracy or provide advice.

For special cases, you may contact FAO-LOW tax consultant Mr. Robert Leydon at

E-mail Address: Robert@LeydonCPA.com

Tel. No.: (678) 402-6720.

14. Are taxes paid on all separation payments received from WFP reimbursable?

Separation payments such as repatriation grant, commutation of accumulated annual leave, etc. are WFP-derived income and tax paid are therefore reimbursable.

15. How do I find out about taxation on my pension benefits?

Contact the United Nations Joint Staff Pension Fund:

E-mail address: UNJSPF@un.org

Tel. No.: (212) 963-3146

Website: <http://www.unjspf.org>

Staff members can request the UN Booklet entitled 'Guide to National Taxation of United Nations Joint Staff Fund Benefits with Special Reference to U.S. Taxes'. For specific tax advice, please contact a tax accountant or advisor as to how pension income is taxed.

Staff members should note that the income tax from UN pension income is not eligible for tax reimbursement.

16. Are consultants and short-term personnel eligible for US tax reimbursement?

Short-term staff are eligible for tax reimbursements, but not for tax advances.

Consultants are NOT eligible for tax reimbursement of US income taxes levied on their honoraria.

17. Should a staff member submit a copy of his/her income tax return to LOW Tax Unit if s/he is stationed abroad and does not have any federal tax due in respect of WFP earnings?



All US citizens and resident aliens are required to file a 2022 U.S. Income Tax Return even though they may have no tax liability. It is advisable for the staff member to file a return with the tax authorities and request a tax reimbursement (uploading the filed income tax return and other necessary document) via the Tax Portal, even if the staff member fully qualifies under the foreign earned income exclusion and may not have any tax liability. The filed return provides a continuous record for the staff member's tax file and, in instances of subsequent amendments, the staff member may submit an amended return to FAO-LOW reimbursement, even beyond WFP's two-year time limit.

18. Do I have to pay state taxes as an employee of WFP?

Filing requirements for individuals living abroad vary from state to state. You need to obtain the state income tax publication for the state concerned (based on your prior year's state filing) to determine your liability as a non-resident.

19. Once all of my documentation has been submitted, how long will it take for me to receive my payment?

Ideally, processing time takes between 10-20 business days, **upon receipt of all required documentation.**

20. Should staff members with signature authority, or other authority over one or more of the Organization's financial accounts in foreign countries, complete FinCEN Form 114 - Foreign Bank Accounts and Financial Accounts?

WFP is not subject to US regulations of its official banking and monetary transactions and is not subject to the authority of the United States Government in providing the information in the form. The functional immunity of WFP extends over its staff members, including those of US nationality, for official acts, and such acts include the operation of WFP bank accounts.

Staff member(s) are still required to disclose and report their personal foreign bank accounts to the IRS. Please consult with your tax advisor for details and specifics.

However, the Tax Unit does not require the filed FinCEN forms to process tax reimbursements.

21. What should be the filing status of same-sex married couples under federal and state tax laws?

Same-sex marriage laws have been signed in several states. Same-sex married couples in those states must file their state income tax as married. On 29 August 2013, the US Department of Treasury and the IRS ruled that same-sex couples, legally married in jurisdictions that recognize their marriages, will be treated as married for federal tax purposes. Therefore, same-sex married couples are allowed to file their federal tax returns for 2024 as "married filing jointly" or "married filing separately."

22. Under what circumstances can a married staff member file separately?



Generally, if a married staff member is not receiving dependency benefits for his/her spouse, he or she can elect to file separately. If the staff member uses itemized deductions that are less than the standard deduction, the United Nations will calculate the reimbursement using the standard deduction. If a staff member files separately while receiving dependency benefits for his/her spouse, the United Nations reimbursement of income taxes will be calculated as if he/she is filing a joint return with the spouse (see para. 11). If the staff member's spouse is a non-US citizen or permanent resident (and has no SS# or ITIN) but receives child allowance from the Organization, they may file under Head of Household, in order to claim the deduction of dependent children.

23. Does a staff member have to claim dependents for whom he or she receives dependency benefits from the United Nations?

A staff member who has received United Nations dependency benefits for his/her spouse, children or relatives residing in the United States is required to claim the appropriate exemptions for the dependents, or provide acceptable written explanation as to the reason for not doing so (see para. 22).

24. I have refugee/political asylum status and a valid work permit but am not a permanent resident of the United States or a United States citizen. Should I pay tax on United Nations emoluments?

No. United Nations staff members who have employment authorization in the United States (a work permit) and who have refugee/political asylum status are exempt from income taxation by the United States on their United Nations earnings, as long as they have not been granted permanent residency status in the United States (alien registration card) and sign the waiver of rights, privileges, exemptions and immunities under the Convention on the Privileges and Immunities of the United Nations.

If you have further questions, please contact the Corporate Payroll Branch (HQ.Payroll@wfp.org) as soon as possible for guidance.



ATTACHMENT 1
CHECKLIST FOR TAX REIMBURSEMENT APPLICATION

Tax Reimbursement Document Requirements

Federal Income Tax

- **The Full and Complete Federal Individual Income Tax Return** for the appropriate tax year. The Tax Unit requires ALL of the forms, Schedules and statements as filed with the IRS. Also, be sure that the SSNs are showing on the tax return, as that is how it is filed with the IRS.
- **For those staff members who hired a tax preparer AND filed ELECTRONICALLY:** the Tax Unit Requires the completed and signed **IRS Form 8879**. In addition, the FILING CONFIRMATION RECEIPT is required (it will have the date the return was filed as well as a unique confirmation number).

For those staff members who MAILED their tax return to the IRS: Please provide (1) the signed/dated 1040 page 2 AND (2) the mailing receipt for when the tax return was mailed to the IRS (if staff member did not keep a receipt, email the Tax Unit – indicating the date the return was mailed to the IRS).

- ✓ Documentation of all non- WFP income (W-2, 1099, UNJSPF letter, IRA distributions, etc.) INCLUDING spouse income statements, as appropriate.
- ✓ If the staff member paid the IRS, the Tax Unit Requires Payment Proofs. Payment Proofs are copies of cancelled checks - front & back, bank statements with ACH payments to the tax authorities, an IRS Statement of Account, or an EFTPS transcript.
- ✓ If there is an amount of “rollover” credit from the previous year’s tax return, then the Tax Unit needs a copy of that year’s tax return. There is no need to forward one to the Tax Unit IF the previous year’s return was already uploaded to the appropriate tax reimbursement.
- ✓ Signed and Dated Declaration Form (Attachment 3).
- ✓ If direct payment to the IRS (via check) is requested by the staff member, please upload a completed IRS Form 1040V (payment voucher). This completed voucher MUST be sent to the IRS with ALL check payments to ensure the taxpayer is credited properly.



State Income Tax

NOTE: Staff members can only request reimbursement for ONE state – for which they are legally required to file

- **The State Individual Income Tax Return** for the appropriate tax year. The Tax Unit requires ALL of the forms, Schedules and statements as filed with the state tax authorities. Also, be sure that the SSNs are showing on the tax return, as that is how it is filed with the state tax authorities.
 - **For those staff members who hired a tax preparer AND filed ELECTRONICALLY:** the Tax Unit Requires the completed and signed **Form that is similar to the IRS 8879**. In addition, the FILING CONFIRMATION RECEIPT is required (it will have the date the return was filed as well as a unique confirmation number).
 - **For those staff members who MAILED their tax return to the IRS:** Please provide (1) the tax return page that was signed/dated AND (2) the mailing receipt for when the tax return was mailed to the state tax authorities (if staff member did not keep a receipt, email the Tax Unit – indicating the date the return was mailed).
-
- If the staff member paid the state tax authorities, the Tax Unit Requires Payment Proofs. Payment Proofs are copies of cancelled checks - front & back, bank statements with ACH payments to the tax authorities, or a state tax authority Statement of Account.
 - If there is an amount of “rollover” credit from the previous year’s tax return, then the Tax Unit needs a copy of that year’s tax return. There is no need to forward one to the Tax Unit IF the previous year’s return was already uploaded to the appropriate tax reimbursement.
 - If direct payment to the state tax authority is desired (via check), please upload a completed state tax payment voucher. This completed voucher MUST be sent to the state tax authority with ALL check payments to ensure the taxpayer is credited properly.



ATTACHMENT 2

CHECKLIST FOR TAX ADVANCE APPLICATION

Tax Advance Document Requirements

Option A = “per prior year” – that is, the estimate tax is the same as the previous year’s actual tax liability (UN portion only)

Option B = “90% estimate for the year – that is, the Tax Unit REQUIRES a UN Estimate Earnings Statement which will be used to calculate overall estimate income tax. Then, the Tax Unit pays 90% of that total estimate. This option is ONLY necessary when a staff member is separating mid-year OR expects a significant change in UN income OR did not work at the UN agency for the full year.

If Option A is chosen, then the staff member must upload a completed tax authority estimate payment vouchers (go to the IRS and/or state tax authority website to obtain blank vouchers).

If Option B is chosen (estimated calculations), then an official WFP Statement of Estimated Earnings for the appropriate tax year is required (this is available upon request from Payroll or HR). Further, the staff member must upload a completed tax authority estimate payment vouchers (go to the IRS and/or state tax authority website to obtain blank vouchers).

ALL Tax Advances are paid directly to the tax authorities. Thus, all staff who request a tax advance MUST provide a completed federal (and state, if applicable) tax payment voucher. This completed voucher MUST be sent to the tax authorities with ALL check payments to ensure the taxpayer is credited properly.



ATTACHMENT 3
FOR ALL STAFF MEMBER(S) REQUESTING AN INCOME TAX REIMBURSEMENT/SETTLEMENT

DECLARATION

I certify that the signed copies of my income tax returns uploaded to the Tax Portal are *true, correct, and complete copies of the final return(s)*, that they correctly reflect my tax liabilities and that they are the basis on which settlements/reimbursements are requested.

I certify that I have minimized my income tax by utilizing all adjustments to income - deductions and exemptions to which I am legally entitled. Further, I understand that the FAO LOW will utilize all of these adjustments when calculating reimbursement settlements.

If I have received dependency benefits from WFP for relative(s), I certify that I have claimed these relative(s) as dependent(s) on my income tax returns. If I have not done so, I have provided an acceptable explanation as to why not (i.e., legally acceptable reasons).

I certify that any reimbursements/settlements received were used solely for the purpose of meeting income tax liability from WFP salary. Further, I certify that I will duly inform the FAO LOW of any refunds by the income tax authorities in the case of an overpayment of tax liability.

I certify that I will provide to the FAO Tax Unit, upon request, with acceptable proof of income taxes paid, or other documents or information as may be required to verify my tax liabilities.

I certify that I will notify the FAO LOW within a reasonable period, if for any reason, it is necessary for me to file an amended income tax return. Further, I understand that I must submit a copy of the amended return (*as filed with the tax authorities*) to the FAO LOW Tax Unit.

I certify that, as a U.S. citizen, I am subject to U.S. self-employment tax on United Nations (agency) earnings when working in the U.S. - and that I am entitled to reimbursement of the employer's portion of Self Employment tax (which is 50% of the overall Self Employment tax). I certify that I have reported my Self Employment tax on my filed U.S. income tax form 1040, and I have attached a copy of the Schedule SE.

IF I received a TAX ADVANCE (regardless of whether the funds were sent to the tax authorities or not), I certify that I will "roll over" any overpayments of tax liability to the subsequent year, if tenure at the Organization is continuing. Alternately, if separating from the Organization, I certify that I will refund any reimbursement/settlement overpayments to the WFP in a timely manner.

Print Name: _____

Signature: _____

Date: _____