



Policy for Non-U.S./ Foreign Vendors

“Service” definition/required documentation

The items listed below are examples of services subject to this policy. The list is not all-inclusive. Please note that if a contract contains imbedded services, i.e., the services are effectively included in the equipment cost, the cost of the services must be separately stated.

- Consulting
- Engineering
- Preparing translations
- Repairs/maintenance
- Sales commissions
- Legal fees
- Training
- On-site certifications
- Design, development, training, implementation of computer software and certain software licenses
- Advertising
- Transportation
- Translation services
- Audits performed at a site

Important note: To be subject to this policy as U.S. source income, the services listed above must be performed within the borders of the United States.

Examples:

(1) An attorney provides legal services for a site in Latin America. He attends one meeting in the United States and otherwise works outside the United States. U.S. source income will be the amount of income associated with the one meeting he attends in the U.S. All other income he earns will not be considered U.S. source income.

(2) A salesperson earns commissions by selling a pump from a site in the United States to Australia. The salesperson does not meet with anyone outside of Australia in making this sale. All income is not U.S. sourced income because none of it was earned while the salesperson was physically in the United States.

Substantiation required:

In order to substantiate that service income is or is not U.S. sourced, **each** invoice should state the location where services are performed. Alternatively, the invoice may state “No services relating to this invoice were performed in the United States.” If services are performed both inside and outside the United States, the invoice amount should be allocated between the time spent in the United States and the time incurred on the project outside the United States.

If services are never performed in the United States, an annual certification form may be obtained from your Flowserve contact. In this form, you may certify that all services for the current year are anticipated to be performed outside the United States and confirm that all services for the prior year were performed outside the United States. A new certification form must be completed and signed each year.

Please note the substantiation is in ADDITION to the submission of the Form W-8.