

PAYMENTS TO FOREIGN NATIONALS

INDEPENDENT PERSONAL SERVICES

DEPARTMENT DECISION MATRIX

Purpose: To assist University departments in determining the proper course of action when paying foreign national individuals for independent personal services provided in the U.S. Payments made to foreign nationals performing independent personal services outside the U.S. are not subject to Federal income tax withholding and IRS reporting rules.

Definition of Independent Personal Services: Services performed as an independent contractor in the United States by a foreign national who is self-employed. Compensation for such services includes payments for contract labor; payments for professional services, such as fees to an attorney, physician, or accountant, if the payments are made directly to the person performing the services; consulting fees; honoraria paid to visiting professors, teachers, researchers, scientists and speakers; and generally, payments for performances by public entertainers. Still not sure? Contact the Foreign National Tax Processing Unit at jkaus@bc.pitt.edu or 412-624-8079.

General process: Payments to foreign national individuals who are not University students, faculty and staff for reimbursement of travel, lodging and business expenses are submitted directly to the Payment Processing Department. Payments to foreign nationals who do not come to the U.S. in connection with the payment are also submitted directly to the Payment Processing Department. All other payments to foreign national individuals who are not University students, faculty and staff are submitted to the Foreign National Tax Processing Unit. These typically are payments for services, honoraria, stipends and awards received in connection with a visit to the University.

	SITUATION	COMMENTS	HOW TO PROCEED
1	The foreign national is performing the services outside the U.S.	Payments to foreign nationals for independent personal services performed outside the U.S. are not subject to Federal income tax withholding and reporting requirements. No Foreign National Information Form (FNIF) or U.S. Taxpayer Identification Number is required.	Forward the Disbursement Request directly to Payment Processing with Foreign National Tax Letter and the appropriate service contract.
2	The payment to a foreign national is only for the reimbursement of travel and business expenses connected with the University visit.	University payments to foreign nationals for the reimbursement of travel and business expenses connected with a University visit are not payments for independent personal services and are not subject to the 30% Federal income tax withholding and tax reporting requirements. No supporting documentation or U.S.	Forward the Disbursement Request, Form I-94, Foreign National Tax Letter directly to Payment Processing.

		Taxpayer Identification Number is required.	
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3	It is not known if the foreign national is exempt from Federal taxation under a U.S. treaty.	If a U.S. treaty is available, the payment may not be subject to 30% Federal income tax withholding.	Get a preliminary assessment. Contact the Foreign National Tax Processing Unit (FNTPU) at jkaus@bc.pitt.edu or 412-624-8079 or use the foreign national tax information website at www.bc.pitt.edu . Select "Purchasers."
4	The payment is exempt via treaty, but its not known if the payee has a U.S. Taxpayer Identification Number (TIN).	To take advantage of treaty benefits, the payee must provide a TIN. See the Tax Identification Number FAQs at www.bc.pitt.edu . Select "Purchasers."	Contact the payee. If no TIN, encourage the payee to obtain one by explaining that 30% Federal income tax will be withheld from the payment in accordance with IRS regulations. Contact the Office of International Services (OIS) for assistance in obtaining a TIN.
5	TIN is provided and treaty exemption applies.	The payment will not be reduced by the 30% Federal income tax.	Submit the FNIF, Form I-94, contract and Disbursement Request with TIN to the Foreign National Tax Processing Unit.
6	No TIN, a U.S. treaty exemption is available and the payee will obtain a TIN.	Some payees would rather get paid the full amount even if it delays the payment while obtaining the TIN (could be three months) rather than have 30% Federal income tax withheld from the payment.	Refer the payee to OIS and coordinate the process. When the TIN is available, submit the FNIF, Form I-94, contract and Disbursement Request to the Foreign National Tax Processing Unit.
7	No TIN, a U.S. treaty exemption is available, but the payee will not get a TIN.	Payee doesn't want to wait for the TIN, or doesn't have the time to apply for the TIN. 30% Federal income tax will be withheld.	Submit the FNIF, Form I-94, contract, and Disbursement Request to the Foreign National Tax Processing Unit. Indicate on the Disbursement Request that the foreign national is not providing a TIN.

	SITUATION	COMMENTS	HOW TO PROCEED
8	No TIN, no U.S. treaty exemption available.	There may be no incentive for payee to get a TIN at this time, since 30% Federal income tax will be withheld.	Submit the Form I-94, contract, and Disbursement Request to the Foreign National Tax Processing Unit. Indicate on the Disbursement Request that the foreign national is not providing a TIN.
9	The foreign national has previously provided independent personal services to the University during the current calendar year, is not applying for a change in tax status at this time and the prior FNIF is available.	Using prior FNIF may save time for the department and the payee.	Submit the FNIF, Form I-94, contract and Disbursement Request to the Foreign National Tax Processing Unit.