

PAYMENTS TO FOREIGN NATIONALS

FREQUENTLY ASKED QUESTIONS

Q – What types of payments to foreign nationals are covered by these new procedures?

A – Payments to foreign national individuals who are receiving a payment in connection with their presence in the U.S. which typically means at the University. These payments apply to individuals for independent personal services, reimbursement of travel, lodging and business expenses, and awards and stipends.

Payments excluded from these new procedures include those to foreign national payees who are corporations, or who are University students, faculty and staff.

Payments to University foreign national students, faculty and staff must be processed through the payroll system.

Q. Where do I get assistance about the process and forms for payments to foreign nationals?

A – Refer to <http://www.bc.pitt.edu/payment/fnti.html>. You can also contact the Foreign National Tax Processing Unit of Financial Operations (FNTPU) at jkaus@bc.pitt.edu or 412-624-8079.

Q – What documents must be provided to pay a foreign national an honorarium or “stipend” without the Federal 30% income tax withheld from the payment?

A – The following documents are required to accompany the Disbursement Request to the Foreign National Tax Processing Unit: the University Foreign National Information Form (FNIF), the foreign national’s U.S. Taxpayer Identification Number (TIN) and the INS Form I-94. All payment requests for independent personal services, awards and stipends must have the Form I-94. The FNTPU will accept a Disbursement Request without a completed FNIF and TIN, but 30% Federal income tax will be withheld.

Q – What are independent personal services?

A - 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 of Financial Operations at jkaus@bc.pitt.edu or 412-624-8079.

Q – I have a foreign national guest speaker coming in and she will be paid a modest honorarium. What is the easiest way to pay her?

A – Have the speaker complete the Foreign National Information Form (FNIF) and provide her U.S. social security number upon her arrival. Send the FNIF, Form I-94, Guest Speaker Contract and Disbursement Request to the Foreign National Tax Processing Unit for processing. These documents will then be forwarded to the Payment Processing Department for payment. If the FNIF or U.S. social security number are not provided, the IRS requires that 30% Federal income tax be withheld. If the payment is only for the reimbursement of travel, lodging or business expenses incurred in connection with the University visit, see the Q and A below about travel related expenses.

Q - Where can I get the FNIF?

A – The FNIF and helpful information are available at the Foreign National Tax Processing Unit of Financial Operations and can be downloaded from the Foreign National Tax Information website at <http://www.bc.pitt.edu/payment/fnti.html> .

Q – Is the payment process the same for reimbursement of travel, lodging and business expenses of a foreign national?

A – No, if the payment is only for the reimbursement of travel, lodging and business expenses incurred in connection with a visit to the University. Complete and attach the Departmental Foreign National Tax Letter and a copy of the foreign national's Form I-94 to the Disbursement Request. Forward the documents directly to the Payment Processing Department for payment. No supporting documentation is required.

Q – Is the University required to withhold Federal income taxes from payments to foreign nationals for speaker fees, honoraria or stipends?

A - Yes. We are required by Federal law to withhold 30% of Federal income tax from the

payment unless the payment is exempt under a U.S. treaty and the payee has a U.S. Taxpayer Identification Number. If these two conditions are met, the Foreign National Tax Processing Unit will prepare an IRS Form 8233 for the foreign national to document the tax exempt status. Note that if a FNIF was completed for the payee in the current calendar year, it does not have to be completed again, but a copy needs to be attached to the Disbursement Request and submitted to the Foreign National Tax Processing Unit.

Q - Our visitor doesn't care about taxes and doesn't want to fill out paper work. What do we do?

A – The foreign national's Form I-94 must accompany the Disbursement Request in all cases when the payment to the foreign national is connected to a visit to the U.S. Additional documents and the payment processing depend on the type of payment. See <http://www.bc.pitt.edu/payment/fnti.html> .

Q – The foreign national is providing services outside of the U.S. What's the process?

A – Federal income tax and reporting requirements only apply if the foreign national is in the U.S. Payments made to foreign nationals who remain outside the U.S. are not subject to Federal income tax withholding and reporting. The department only completes and attaches the Foreign National Tax Letter and a contract to the Disbursement Request and submits the forms directly to Payment Processing for payment.

Q – Where can I obtain tax information that I can provide to our foreign national visitors?

A – The University's foreign national tax information website at <http://www.bc.pitt.edu/payment/fnti.html> and the Office of International Services web site at www.ois.pitt.edu have helpful information. IRS publications can be obtained at www.irs.gov. Select forms and publications:

Publication:

513: Tax Information for Visitors to the U.S.

515 Withholding of Tax on Nonresident Aliens

519: U.S. Tax Guide for Aliens

901 Tax Treaties