

Tax Treaty Application

11-02-2009

All non-immigrants who receive payment from the University of Pittsburgh's Payroll Department must complete a Foreign National Information Form (FNIF). This includes employees as well as grant recipients with Certificate job titles. The data provided is used to determine taxability based on an individual's tax residency status and treaty eligibility.

Tax treaty analysis and the extension of treaty benefits is a service that the University offers to its non-immigrant community. Tax treaties may reduce or eliminate an individual's US federal tax obligation. Approval of treaties is based upon the data provided on the FNIF form and the guidance of an outside tax advisor.

Once your information has been analyzed and treaty eligibility determined, an email notification will be sent to the email address you listed on your Foreign National Information Form.

If your treaty application is approved, your email notification will include a deadline for you to come to the Payroll office to sign your treaty papers. A one month grace period is extended to all new treaty benefit recipients. To continue the treaty beyond that grace period, your signature is required.

Treaty benefits are granted per calendar year. Therefore, your status for extension of treaty benefits is reanalyzed each January. If you qualify for the treaty benefit, Payroll will send new paperwork to your department for your signature. Contact your department by January 15th if you feel you are treaty eligible and have not been notified to sign your documents.

If your treaty application is approved, but you do not sign your documents by the required deadline, your treaty benefits will be suspended and federal tax will be withheld from your next pay. To start your treaty benefit again, it will be necessary for you to sign your treaty papers. Due to IRS regulations, we are unable to issue refunds for tax withheld due to late signatures. Recipients who sign the required paperwork late may be able to claim a refund on their own personal tax return.

If your treaty application is approved but you do not want to accept the treaty, please notify the Payroll office before your next pay is processed by emailing payrollinfo@bc.pitt.edu. You may also check "NO" on Line 22 of the FNIF.

Each individual may have facts and circumstances where they decide not to accept the treaty benefit. If Payroll is not notified of your intentions, you will be exempted from federal tax during the grace period. This may complicate your year-end reconciliation.

If we are unable to offer you the treaty benefit, your email notification will advise you that benefits have been denied and that the Payroll office has a Form W-4, Employee's Withholding Allowance Certificate for you to sign. If you believe that there are additional facts that qualify you for the treaty benefit, you may be able to apply for the benefit *directly from the Internal Revenue Service when you file your taxes for that year.*

Grant recipients with Certificate job titles will not be asked to sign a W-4. Rather, their taxation will be as follows:

- Non-Residents for Tax Purposes will have 14% Non-W2 FIT withheld from their monthly payment.
- Residents for Tax Purposes will not have tax withheld. (For more information on the taxation of grants, see Internal Revenue Service Publication 970.)