



THE UNIVERSITY *of* NORTH CAROLINA
GREENSBORO



FOREIGN NATIONAL VISITOR/ NONRESIDENT ALIEN (NRA) TAX COMPLIANCE GUIDE

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Payroll/Accounts Payable

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PURPOSE: To familiarize UNCG personnel with information and required documents necessary to process any type payment to a FOREIGN NATIONAL INDIVIDUAL or ENTITY.

A Tax Assessment must be completed for any of these payments.

For Payroll Assessment: <http://payroll.uncg.edu>

For Accounts Payable Assessment: <https://accountspayable.uncg.edu>

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Introduction

As a source for General Information this guide can be used by UNCG faculty, staff, and foreign visitors (Students, Teachers, Researchers, and Guest Lecturers). In addition, it is to be used as a reference tool for university personnel that interact with foreign visitors who have a financial relationship with UNCG.

In recent years, both the U.S. Citizenship and Immigration Service (USCIS) and the Internal Revenue Service (IRS) have imposed complex regulations for payments to Foreign National Visitors. Failure to follow these regulations may result in penalties to UNCG as well as problems for the Foreign National Visitor. Therefore, UNCG endeavors to consistently follow these regulations.

This guide does not cover all payment types and tax situations. It is intended to provide basic information that will assist foreign visitors and university personnel in making decisions concerning the tax implications of payments that UNCG makes to foreign visitors.

The guide specifically provides information about four types of payments to foreign visitors:

- Employee Compensation: Salary and Wages
- Honorariums
- Travel Reimbursements
- Scholarships, Fellowships, and Grants

Users of this guide should be aware of necessary limitations of the information presented herein. While it is hoped that this material will be useful, it should not be construed as a complete treatment of all tax or immigration questions.

Information in this guide should not be construed to be the rendering of legal or tax advice. Each reader of this guide is responsible for determining the extent to which the information presented herein is appropriate to his/her situation. In assessing personal legal and tax obligations, each reader should consult with qualified legal and/or tax counsel.

Foreign students, faculty, and staff with personal tax questions or problems are advised to seek assistance from the IRS, a CPA, or an attorney. In the U. S., the individual taxpayer is responsible for filing an appropriate and accurate tax return and negotiating all tax matters with the IRS. Taxpayer assistance is available from your local IRS office or by calling the IRS toll free taxpayer assistance number at 1-800-829-1040.

Because some federal agencies, when referring to a foreign visitor, use similar terminology that has different meanings depending on the context of the topic being discussed, it is helpful to remember:

- ***For immigration purposes***, "Resident Alien" is a U.S. Lawful Permanent Resident also known as "Green-Card Holder". "Nonresident Alien (NRA)" is a nonimmigrant in any of the nonimmigrant categories.
- ***For income tax purposes***, "Resident Alien" and "Nonresident Alien (NRA)" refer to the way a Foreign National is taxed.

There are two separate federal income tax structures, each with its own set of rules as to what income is taxed and what amounts may be taken as deductions or credits. One set of rules applies to U.S. Citizens and Resident Aliens and another set of rules applies to Nonresident Aliens.

Employee Compensation: Salary & Wages

Salary and Wage Payments to Foreign National Visitors (NRA)

(These payments are subject to the Graduated Withholding Tax Rates as either Resident Aliens or Nonresident Aliens. The Withholding Rates are different for each category.)

Department personnel, who propose to employ a Nonresident Alien (NRA), must determine if the NRA has a United States VISA type that permits employment. NRA employees must have a U.S. Social Security Number before their employment data can be entered into the UNCG Banner HR/Payroll system and before their tax documents can be filed with the IRS. If the NRA does not have a U.S. Social Security Number, he/she should go to the local Social Security Office and complete a [Form SS-5](#), (*Application for a Social Security Card*). It will be necessary to have documentation to indicate that they will be employed at the university. Before going to the Social Security Office, the NRA should have been in the U.S. for at least ten days and had a meeting with International Programs Office personnel to receive assistance with questions and proper documentation. The documentation usually includes a letter from the employing university department.

To strengthen homeland security in the aftermath of September 11, 2001 Social Security Administration has taken extra steps to ensure the integrity of Social Security Numbers. The changes to the way the Social Security Administration assigns numbers and issues cards may cause a delay in receiving a Social Security Number. Note that the employee may work while a Social Security Number application is being processed, but **only** after consulting with [Payroll Office personnel](#). A letter from the Social Security Administration **must** be presented indicating that application for a Social Security Number has been received and is in process.

When Nonresident Aliens are approved for employment, they must complete a tax assessment with the Payroll Office. The purpose of this assessment is to review the NRA's tax status and to finalize the completion of required tax documents. Please refer to the following link for a list of documents that must be submitted for this assessment; as well as instructions on how to submit this information. Link: <http://payroll.uncg.edu>

Since most of the tax documents are completed and filed for a **specific single calendar year**, all NRA employees are requested to **contact and consult** with [Payroll Office personnel](#) each year in December. The purpose for this **consultation** is to review any changes in the tax status of the employee and to complete tax forms necessary for the new calendar year.

NRA employees are subject to Social Security and Medicare (FICA Tax). However, they may be exempted from this tax for a specific time period depending upon the VISA type they have used to enter the United States. The status of this FICA tax exemption will be determined during the **first consultation** with Payroll Office personnel and during the **consultation** each year in December.

Wages paid to foreign employees are subject to federal and state income tax unless exempted by special IRS regulations or a tax treaty between the United States and the specific resident country of the employee. When the NRA consults with [Payroll Office personnel](#), at the time of employment or in December each year, an analysis will be made to determine his/her tax status and to see if any tax treaty benefits are applicable. At that time, required tax forms and documents will be completed, signed, and filed with the appropriate tax offices.

The NRA must provide the following documents to Payroll Office personnel:

- Completed [Form NRA-001](#) (*Foreign Visitor Information Form*)
- U.S. Social Security Card or letter from the Social Security Administration indicating that an application for a Social Security Number has been received.
- All Passports
- [Form I-94](#), (*Arrival/Departure Record – Include Travel History*)
- All VISAs
- All [Form I-20s](#), (*Certificate of Eligibility for Nonimmigrant (F-1) Student, or All Form DS-2019s, Certificate of Eligibility for Exchange Visitor (J-1) Status*). (Note: Employees in other VISA statuses will not have either of these forms.)
- All [Form I-765s](#)/EAD Cards, (*Employment Authorization Document*), if applicable
- All [Form I-797s](#), (*Notice of Action*), if applicable
- Letter of appointment from the department or Graduate School
- Permanent I-9 Card, (*Employment Eligibility Verification*) - Students Only

After the end of the calendar year, the Payroll Office will issue to the NRA a **Form W-2, Wage and Tax Statement**, if applicable, and/or a **Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding** which will report the amount of compensation paid and taxes withheld.

If the NRA is from a country that does not have a tax treaty with the United States or if their compensation exceeds their applicable treaty exemption amount, compensation will be subject to the graduated withholding rates and the tax calculated based on his/her **Form W-4, Employee's Withholding Allowance Certificate** and **Form NC-4 NRA, Nonresident Alien Employee's Withholding Allowance Certificate**. UNCG will send the withheld tax to the IRS and the North Carolina Department of Revenue. After the end of the calendar year, and by **April 15th** of the following year, the NRA should complete and file a **Form 1040-NR, U.S. Nonresident Alien Income Tax Return** or **Form 1040NR-EZ, U.S. Income Tax Return for Certain Nonresident Aliens With No Dependents**, and a **NC Form D-400, Individual Income Tax Return**. The **Form 1040-NR** or **Form 1040NR-EZ** and **Form D-400** will determine if the NRA owes additional tax or is entitled to a refund of previously withheld tax. Contact the [Payroll Office](#) for questions concerning U.S. Tax treaties or the forms mentioned above. Each NRA, **employed or not employed**, is required each year to file **Form 8843, Statement for Exempt Individuals and Individuals with a Medical Condition**, with the IRS by April 15th of the following calendar year.

Payments by Accounts Payable - Honorariums

(The IRS considers these payments as reportable and taxable income to the recipient. Withholding rate is 30% unless the payments are exempt from tax under the Internal Revenue Code or a Tax Treaty.)

Honorariums

At the time a nonresident guest Lecturer or Researcher is invited to visit UNCG to give speeches/lectures, conduct workshops, or participate in seminars, he/she should be informed, by the individual extending the invitation, that certain personal information will be required in order for UNCG to determine the type payment to be made to them. A [Form NRA-001 \(Foreign Visitor Information Form\)](#) should be sent to the visitor so that he/she may provide such information as SSN (U.S. Social Security Number) or U.S. ITIN, (*Individual Taxpayer Identification Number*); the type VISA that will be used to enter the United States; his/her tax residence country (last home residence for at least 365 days immediately prior to this visit to the United States), and, if applicable, tax treaty benefits being requested. The form should be completed and returned immediately to UNCG, with copies of the applicable documents listed at the top of the form. If the NRA visitor does not have a U.S. Social Security Number or a U.S. ITIN, he/she should use [Form W-7, \(Application for IRS Individual Taxpayer Identification Number\)](#), to apply for the U.S. ITIN. The instructions for completing the form indicate what documents are required and where to send the application.

[\(See: An abbreviated guide for University personnel responsible for processing payments to Foreign National Visitors\)](#)

9-5-6 Rule Regarding Honorarium Payments to Nonresident Alien Visitors on a B-1/B-2 Visa or Visa Waiver:

9-5-6 Rule Regarding Honorarium Payments

Foreign Visitors present in the United States from a Visa Waiver country or on a B-1/B-2 VISA, are **not** permitted to be employed in the United States. Effective October 21, 1998, academic institutions are permitted to pay an individual admitted in B-1/B-2 or Waiver status, “an honorarium payment and associated incidental expenses for a usual academic activity lasting no longer than 9 days at a given institution”. This is contingent on the fact that the alien visitor has not accepted such payments or expenses from more than five institutions or organizations in the previous six month period. The alien must present a valid VISA and [Form I-94, \(Arrival/Departure Record\)](#), as verification of the status for such payments to be made. The visitor must also sign a statement ([FNTC-1 HON 9-5-6 RULE STMT](#)) attesting that his/her academic activity at UNCG will not exceed nine days and he/she has not received more than five honoraria in last six months. If the NRA is to be paid an honorarium, it is subject to 30% tax withholding. However, some countries have a tax treaty with the U.S., which may partially or completely exempt the honorarium payment from tax withholding. If treaty benefits are to be requested, a [Form 8233, \(Exemption From Withholding On Compensation For Independent \(and Certain Dependent\) Personal Services Of A Nonresident Alien Individual\)](#), must be submitted to the UNCG Payroll/Tax Office. When Form NRA-001 and accompanying documents are received from the Foreign Visitor, the Payroll/Tax Office can prepare the Form 8233 to be sent to the invited guest to be signed, dated, and returned to the Payroll/Tax Office for further processing. If the invited guest does not have a social security number or ITIN, UNCG **cannot** submit the Form 8233 to request the Treaty Benefit.

If the completed Form 8233 is accepted by UNCG, the Payroll/Tax Office is required to send it to the Internal Revenue Service, International Returns Section. UNCG must wait at least 10 days after sending the form to the IRS before payment may be processed. If the NRA enters the United States from a VISA Waiver Country or with

TN Trade NAFTA status, they must present a copy of their Form I-94 Admission Record. The visitor can request the [Form I-94](#) from the U.S. Customs and Border Protection. If the NRA does not have a social security number or ITIN or is from a country that does not have a tax treaty with the United States, a Form 8233 will not be required. The NRA's payment will be subject to 30% Federal Tax Withholding which UNCG will withhold and remit to the IRS. If the payment exceeds \$1,500.00 an additional 4% NC Tax is required to be withheld which UNCG will withhold and remit to the NC Department of Revenue.

After the end of the calendar year, the Payroll Office will issue a Form 1042-S, (*Foreign Person's U.S. Source Income Subject to Withholding*) to the NRA, which will show the total amount of payments paid to the NRA and taxes withheld by UNCG. Using the Form 1042-S information, the NRA should complete and file a Form 1040-NR, (*U.S. Nonresident Alien Income Tax Return*) or Form 1040-NR-EZ (*U.S. Income Tax Return for Certain Nonresident Aliens With No Dependents*), and if needed a NC Form D-400, (*Individual Income Tax Return*), before April 15th of the following year. Completing Form 1040-NR or Form 1040-NR-EZ and NC Form D-400 will determine if the NRA owes additional tax or is entitled to a refund of previously withheld tax. Contact the [Payroll Office](#) for questions concerning US Tax treaties or the forms mentioned above.

Payments by Accounts Payable – Travel Reimbursements

Travel Reimbursements to Foreign National Visitors

(The following information is given as a general guide to payments of Travel Reimbursements by UNCG.)

Generally, Foreign Nationals can receive travel reimbursements. *However, whether those payments are business expenses or taxable income depends on the visa category of the visitor and the services performed.* Also, there may be restrictions on *the type of activities* an international visitor may engage in while in the USA. This can affect travel reimbursement status.

Travel reimbursement payments (i.e. food, transportation, and lodging) may be considered non-taxable when an identifiable business purpose and benefit exists for UNCG. This can be satisfied by such activities as giving a lecture or participation in a conference by presenting a paper, organizing meeting sessions, assisting in a presentation, or participating in collaboration with others. Travel reimbursements will be taxable as travel grants when there is no documented, identifiable business purpose or benefit to UNCG. ([See NRA and Accountable Plan Rules](#))

Section 61(A) (1) and Section 62 of the Internal Revenue Code (the Code) indicate that payments and reimbursements for travel expenses are includable in the gross income of the recipient unless an exemption is provided by the Code or an income tax treaty. *This is the case even when the payments and reimbursements are made to a third party, such as an airline or hotel rather than to the individual.*

Federal and state immigration and tax laws concerning Foreign National Visitors are complicated and the forms that will be required from the visitor vary widely depending on tax status, immigration status, and what type of payment and/or reimbursement UNCG will be making to the individual. Payments and/or reimbursements to Foreign National Visitors (i.e. Guests), Foreign National Students, and Foreign National Employees of UNCG fall under a different set of tax laws and withholding/reporting requirements than those that apply to US citizens and Legal Permanent Residents. Generally, such payments are subject to 30% federal tax withholding, and if the payment is over \$1,500.00, an additional 4% NC tax withholding unless an exception applies. Tax and federal immigration laws restrict the types of services a non-US citizen may perform and the types of payments and/or reimbursements they are allowed to receive. For guests to UNCG, it is imperative to know, before the guest arrives at UNCG, their immigration status and whether they are traveling to UNCG from outside or inside the US.

To facilitate travel reimbursements or other payments to Foreign National Visitors, the visitor needs to complete [Form NRA-001](#), along with the required appropriate documents listed at the top of the Form NRA-001, and submit the forms and documents to the UNCG Accounts Payable Department. The information will be reviewed and a determination made as to how the payment will be processed. If tax withholding is required, the Foreign National Visitor will be provided the required tax reporting documents following the end of the tax year.

The following chart provides basic information relating to travel reimbursement for various VISA types.

Visa and Travel Reimbursement Payment Chart for UNCG

Visa Type	Tax Procedure	Tax Liability
UNCG F-1 Student	Should be considered as a Travel Grant. Only on rare occasions (As a Student Employee or work or service is required) can travel fall under the accountable plan. No immigration restrictions.	14%
Visiting F-1 Student	Should be considered as a Travel Grant. Need a letter from host school giving the student permission to be on UNCG campus. On rare occasion can travel fall under the accountable plan if work or service is required. No other immigration restrictions.	14%
UNCG J-1 Student	Should be considered as a Travel Grant. Only on rare occasions (As a Student Employee or work or service is required) can travel fall under the accountable plan. No immigration restrictions	14%
Visiting J-1 Student	Should be considered as a Travel Grant. Need a letter from host school giving the student permission to be on UNCG campus. On rare occasion can travel fall under the accountable plan if work or service is required. No other immigration restrictions.	14%
UNCG J-1 Trainee	Should be considered as a Travel Grant. Only on rare occasions (As a Student Employee or work or service required) can travel fall under the accountable plan. No immigration restrictions.	14%
Visiting J-1 Trainee	Should be considered as a Travel Grant. Should require a letter from host school giving the student permission to be on UNCG campus. On rare occasion can travel fall under the accountable plan if work or service is required. No other immigration restriction	14%
UNCG J-1 Researcher	A researcher is considered an employment position. Travel should fall under the accountable plan. No immigration restrictions.	0%
Visiting J-1 Researcher	Should require a letter from host school giving the visiting researcher permission to be on UNCG campus. A researcher is considered an employment position. Travel should fall under the accountable plan. If not, then taxable at 30%. No other immigration restrictions.	0% or 30%
UNCG H-1B, TN or O	H-1B, TN and O are considered employment visas. Travel should fall under the accountable plan. No immigration restrictions.	0%
H-1B Transfer to UNCG	Work-related expenses can be reimbursed, after H petition with UNCG is filed with immigration service, in limited circumstances. H-1B is considered an employment visa. Travel should fall under the accountable plan.	0%
Visiting H-1B, TN or O	H-1B, TN and O are considered employment visas. A letter from host school giving the visiting visitor permission to perform service on UNCG campus. Travel should fall under the accountable plan. No immigration restrictions.	0% or 30%
B-1/B-2/VWT/VWB	Immigration rules allow for reimbursement of travel expenses and per diem only. Taxable at 30%. (In unique situations some travel reimbursements may fall under the accountable plan.)	0% or 30%

Scholarships, Fellowships & Grants

Scholarships, Fellowships, and Grants Paid to Nonresident Aliens (NRA)

In general, all amounts paid to Nonresident Aliens in the form of scholarships, fellowships, grants, and financial aid are subject to federal income tax withholding at the rate of 30% unless the payments are exempt from tax under the Internal Revenue Code or a tax treaty. However, payees who are temporarily present in the United States holding F, J, M, or Q visas are subject to withholding at only 14% of the taxable portion of the grant because such individuals are considered to be engaged in a U.S. trade or business.

Those portions of a scholarship, fellowship, or grant which are used to pay tuition, fees, books, supplies, or equipment are not taxable under section 117 of the Internal Revenue Code if the recipient is a candidate for a degree. Any portion of the scholarship, fellowship, or grant over and above the five items mentioned above is taxable. For non-degree candidates, the entire grant is taxable.

Each semester the [Cashiers and Student Accounts Office](#) will notify the NRA if he/she has taxable payments from a scholarship, fellowship, or grant. Also, the amount of tax to be withheld will be shown and posted to the NRA's student account. If there are questions regarding the taxable amounts or the tax withheld, the NRA should contact [Cashiers and Student Accounts Office](#).

Any NRA grantee who claims that part or all of his/her scholarship, fellowship, or grant is exempt from taxation because of a tax treaty must file Form W-8BEN with the [Cashiers and Students Accounts Office](#). The form may be obtained from the [Cashiers and Student Accounts Office](#) or the [Payroll Office](#).

The NRA must have a U.S. Social Security Number or an Individual Taxpayer Identification Number ([ITIN](#)). This number is required so that the University can file the required documents with the appropriate office of the Internal Revenue Service and to other taxing authorities such as the North Carolina Department of Revenue. Also, the number must be used by the NRA when filing annual Income Tax Returns.

The taxable portion of a scholarship, fellowship, or grant and any tax withheld will be reported to the NRA on a Form 1042-S following the end of each calendar year. That information will be used by the NRA when filing his/her annual Federal Tax Return Form 1040-NR and the NC Tax Return Form D-400.

Commonly Used Non-Immigrant Visas

B-1
Business visitors. No work authorization. Eligible to receive, with some limitations, an honorarium and reimbursement for travel expenses and per diem from institutions of higher education.

B-2
Visitors for pleasure. No work authorization. Eligible to receive, with some limitations, an honorarium and reimbursement for travel expenses and per diem from institutions of higher education.

F-1
Students. Work authorized under very limited circumstances.

H-1B
Professionals. Work authorized for the sponsoring employer.

J-1
Exchange visitors including students, scholars, and trainees. Work authorized under certain circumstances.

M-1
Vocational student. Work authorized under certain circumstances.

Q-1
International cultural exchange. Work authorized for the sponsoring employer.

TN
Trade NAFTA. Work authorized for the sponsoring employer.

WB
Waiver of visa for business. No work authorization. Eligible to receive, with some limitations, an honorarium and reimbursement for travel expenses and per diem from institutions of higher education.

WT
Waiver of visa for tourism. No work authorization. Eligible to receive, with some limitations, an honorarium and reimbursement for travel expenses and per diem from institutions of higher education

ESTA (Electronic System for Travel Authorization)

Is an automated system that determines the eligibility of visitors to travel to the [United States](#) under the [Visa Waiver Program](#) (VWP).¹

Frequently Asked Questions

Who is a nonresident alien?

A nonresident alien is an individual who is not a U. S. citizen and does not hold a United States Permanent Registration Card [USCIS Form I-551] (commonly called a green card) and who has not met the substantial presence test.

The United States Citizenship and Immigration Services (USCIS) issues green cards to aliens who have petitioned for residence status. When an alien receives a green card, he/she has obtained the privilege of residing permanently in the U.S. and is now considered a resident alien. A resident alien has the privileges of a U.S. citizen with a few exceptions: For example – Generally a resident alien does not have the privilege to vote. For tax purposes a resident alien is viewed the same as a U.S. citizen which means that they must pay taxes on their worldwide income and file annual U.S. income tax returns.

An alien meets the substantial presence test after being present in the U.S. for 183 days over a three-year period. The three-year period must include the current year and the two years immediately preceding. Any period during which an alien is in exempt status does not count toward the accumulation of 183 days. Exempt status most commonly seen in a university environment would be students or teachers present in the U.S. on an “F”, “J”, “M”, or “Q” visa.

What is a visa?

A visa is an official document stamped or glued on a page in the passport of an alien. The visa allows the passport bearer permission to apply for entry into the U.S. under the conditions specified by the visa type, which the bearer holds.

A visa can be obtained by making a personal appearance before the consular officer assigned to the applicant’s consular district. The applicant must complete Form OF-156 (Application for Non-Immigrant visa). A consular officer may ask for additional information to verify that the applicant is eligible for the non-immigrant visa for which he/she is applying.

Examples of information contained on the visa stamp are as follows:

- Visa Number
- Visa Type
- Issue Date
- Expiration Date
- Location of the Issuing Office

What is the difference between an immigrant and non-immigrant?

An alien who has been lawfully admitted to the U.S. for permanent residence is an immigrant. The term immigrant is interchangeable with the term permanent resident. An alien who enters the U.S. for a temporary stay, that ends when they have accomplished the purpose of their visit, is considered a non-immigrant.

What is a tax treaty?

The Treasury and State Department negotiate tax treaties (agreements) between the United States and foreign countries. Both the President and the Senate must approve a treaty. One main purpose of a treaty is to prevent international double taxation. International double taxation occurs when more than one country taxes the same income. Income tax treaties prevent double taxation by allowing a particular type of income to be taxed by either of the countries involved in the treaty.

Not all countries have a tax treaty with the United States. If a nonresident alien, who is a nonemployee visitor from a country without a tax treaty, is eligible to receive a payment from the university, the payment is subject to withholding at a rate of 30%. A nonresident alien who is an employee from a country without a tax treaty is subject to the employee graduated tax withholding tables. The tax withholding is calculated based on an employee's Form W-4, Form NC-4, or NC-4NRA.

Each treaty the United States negotiates with a country is unique unto itself. Therefore, a general statement cannot be made that a specific type of income is exempt for all nonresident aliens on campus. If a nonresident alien is eligible to receive income from the university, his/her country of residence must first be determined. Then a review of the tax treaty for that country can be made to determine if the type of income in question is exempt. If the income is exempt from withholding due to a tax treaty, the nonresident alien must complete a Form 8233 to apply for the exemption from withholding.

What is a Form 8233?

A nonresident alien completes Form 8233 to apply for a treaty exemption from tax withholding on any income earned in the U.S. Once the University completes the agency part of this form, the Payroll Tax Manager must forward it to the Internal Revenue Service. The exemption does not become effective until ten days after the Form 8233 is mailed to the IRS. The University cannot issue a check to the alien until the 10 day waiting period has expired. To issue the check before the expiration of the waiting period, the mandatory 30% will be withheld and sent to the IRS. To recover the withheld taxes, the alien must file a U.S. income tax return.

What is a Form I-94?

Foreign visitors to the U.S. arriving via air or sea no longer need to complete paper Customs and Border Protection [Form I-94](#) Arrival/Departure Record or [Form I-94W](#) Nonimmigrant Visa Waiver Arrival/Departure Record. Those who need to prove their legal-visitor status—to employers, schools/universities or government agencies—can access their CBP arrival/departure record information online. The I-94 website <https://i94.cbp.dhs.gov/i94/#/home> is a public website travelers may visit in order to retrieve their electronic I-94 number. You may print a copy of the form. The printout from the Customs and Border Protection (CBP) website is an official Form I-94.

What if an alien is from a country without a tax treaty?

If the alien is from a country without a tax treaty, and the alien is not an employee of the university, the IRS requires the University to withhold the mandatory 30% on any eligible payments. However, if the alien is an employee, tax is withheld using the graduated withholding rates and calculated based on their Form W-4 and Form NC-4. The University remits the withheld tax to the IRS and the NC Department of Revenue. The alien must complete a U.S. Tax Return and a NC Tax Return to try to recover these amounts.

Who needs an identification number?

Any NRA receiving a payment from the University is required to have an identification number. It does not matter if the NRA is receiving a reimbursement for travel expenses or some type of honorarium. Those who complete a Form 8233 and apply for a tax treaty exemption are required to have an identification number. The Form 8233 asks for the identification number in Part 1 of the form.

If the NRA is eligible to work in the United States, the law requires that the NRA have a social security number for identification. Application for a social security number is done on Form SS-5, which is filed with the Social Security Office.

If the NRA is not eligible to work in the United States, the IRS requires the NRA to apply for an ITIN. To receive an ITIN the alien applies with the IRS. A Form W-7 is completed to apply for the ITIN.

What is a TN (Trade NAFTA) Visa?

The TN (Trade NAFTA) classification is available to a Canadian or Mexican citizen who seeks to enter the U.S. on a temporary basis to work in a professional-level job under provisions of the North American Free Trade Agreement. The individual must be employed in one of the professions listed in the federal regulation at 8 CFR 214.6 and have at least a baccalaureate degree unless an alternative credential is specified. The list includes university professors and researchers in addition to many other professions.

What is the Substantial Presence Test?

A calculation of the number of days an individual is physically present in the U.S. over a period of three calendar years, taking into consideration (i) all of the days physically present in the U.S. during the current calendar year, (ii) one-third of all of the days physically present in the U.S. during the first preceding calendar year, and (iii) one-sixth of all the days physically present in the U.S. during the second preceding calendar year. The results of the calculation determine whether the individual will be treated as a resident alien or a nonresident alien for tax purposes. If the sum of the days as a result of the substantial presence test equals 183 days or more, the individual will be treated as a resident alien for tax purposes; if the result of the substantial presence test is less than 183 days, the individual will be treated as a nonresident alien for tax purposes.

Definition of Terms

Employee Wages

Employee wages are payments for services that an individual performs or carries out for the University as an employee. Services performed by an employee are subject to the direction and control of the University, its faculty, or staff. Employee wages are not the same as payments made to a foreign visitor for independent contractor payments. Employee wages can only be paid to foreign visitors who have been granted an appropriate employment authorization and visa status by the United States Citizenship and Immigration Service (USCIS) to allow them to be compensated for services.

Assistantships

Assistantships at UNCG include graduate research and teaching positions. These positions involve work for compensation and require inclusion in UNCG's payroll. To determine the status of USCIS work authorization, foreign students and foreign exchange visitors should check with the UNCG International Program Center (IPC) before accepting such positions.

Federal Insurance Contribution Act (FICA)

FICA is a tax that is assessed against employee wages paid to individuals who are residents for tax purposes. It is a combination of Social Security tax (currently 6.2 percent) and Medicare tax (currently 1.45 percent). This is a separate tax from the federal and state income tax and is used to fund the retirement and medical benefits paid by the Social Security Administration. FICA tax is imposed in equal parts on both the employee and employer with respect to wages paid to individuals working in the U.S. Therefore, unless otherwise exempted, one-half of this tax (7.65% of wages) is withheld from the payments to the individual, while the University pays the other one-half of this tax (also 7.65% of wages).

Department of State (DOS)

The DOS, operating through U. S. Consulates and Embassies outside the U. S., has the exclusive authority to issue visas. Visas do not guarantee admission to the U. S., but only allow one to present himself/herself to the Customs and Boarder Protection (CBP) for physical entry to the U. S. Entry will be granted if CBP finds that the person's intent conforms to the visa, i.e., a person with a tourist visa is not actually intending to go to school or work.

Honorarium

An honorarium is a gratuitous payment for a foreign national individual's participation in a usual academic activity, such as lecturing, teaching, or other means of knowledge sharing that is for the benefit of the University.

U.S. Citizenship and Immigration Services (USCIS)

An agency of the United States Department of Homeland Security (DHS) that administers the country's naturalization and immigration system. It is a successor to the Immigration and Naturalization Service (INS), which was dissolved by the Homeland Security Act of 2002 and replaced by three components within the DHS: USCIS, Immigration and Customs Enforcement (ICE), and Customs and Border Protection (CBP).

USCIS performs many of the duties of the former INS, namely processing and adjudicating various immigration matters, including applications for work visas, asylum, and citizenship. Additionally, the agency is officially tasked with safeguarding national security, eliminating immigration case backlogs, and improving efficiency.

Independent Contractor Payments

Independent **contractor** payments are for services performed by foreign visitors which may be outside the scope of employment. Independent contractors are not the same as employees. Services that are treated as independent contractor payments must have all of the following characteristics:

- the foreign visitor must not be under the direction or control of the University, its faculty, or staff, in regard to the means and method that are being used to perform services for the University;
- the services or tasks being performed are of short duration and will not result in the foreign visitor entering a long-term working relationship with the University;
- a written contract or agreement exists that identifies the services that are to be performed.

Independent contractor payments can only be received by foreign visitors whose status allows the receipt of such payments as a matter of law. If the independent contractor is known to be a foreign national, special care should be taken to make certain that the individual is truly an independent contractor. No other review needs to be made by the U. S.; the responsibility to accept and report independent contractor payments rests solely on the contractor.

Internal Revenue Service (IRS)

The IRS is the U. S. Government agency that collects taxes. To make this process easier, the IRS issues various forms (withholding allowance certificates, income tax returns, etc.) which are used to help foreign visitors pay the taxes that apply to them. The IRS is also the part of the U. S. Government that determines how much you owe in taxes, and whether an organization that pays income to a foreign visitor is required to withhold specific amounts from that income.

Immigrant (Resident Alien for Immigration Purposes)

An immigrant, or resident alien for immigration purposes, is a “green card” holder and is often referred to as a Permanent Resident (PR), the term which we will use in this guide. A PR is a non-U. S. citizen who has been authorized to live and work in the U. S. indefinitely. It is also a status which one must hold before being eligible to apply for U.S. Citizenship.

Nonimmigrant (Nonresident Alien for Immigration Purposes)

A nonimmigrant, or nonresident for immigration purposes, is a person who is not a citizen or a PR of the U. S. and has been admitted to the U. S. under one of the nonimmigrant categories for a temporary stay that will end when the purpose of that stay has been met.

Nonresident (for Tax Purposes)

A nonresident for tax purposes is a person who is not a U. S. citizen and who does not meet either the “green card” test or the “substantial presence” test (See Page 12) described in Publication 519, U. S. Tax Guide for Aliens.

Resident (for Tax Purposes)

A resident for tax purposes is a person who is not a U. S. citizen and who meets either the “green card” test or the “substantial presence” test described in Publication 519, U. S. Tax Guide for Aliens.

Taxable Income

Any money paid to a foreign visitor or paid to a third party on their behalf on which taxes are required to be paid to the U. S. Government is called taxable income. Employee wages and stipend payments are considered taxable income. State and federal income tax will be withheld by UNCG from these payments at the appropriate rate.

Travel (Transportation, Meals, and Lodging in Transit)

Travel payments can be made to foreign visitors in payment for, or reimbursement of, a number of travel-related expenses including the cost of meals, lodging, and transportation costs such as air fare and automobile rental, and other related expenses incurred while in transit. There is no distinction between amounts paid directly to travel service providers, such as airlines, and payments made directly to the foreign visitor.

Withholding

The taxes a foreign visitor is obligated to pay to the U. S. Government will be taken out of the paycheck or stipend check by UNCG, then sent to the U. S. Government, as required by law.

Contacts

Payroll Office:

Primary Foreign National Visitor/Nonresident Alien Email: payrollt@uncg.edu

John C. Kirkman – Payroll Tax & NRA Tax Manager
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Cashiers and Student Accounts Office:

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Fax: (336)334-5406
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FORMS & EXHIBITS

- ❖ [Federal | Form W-4 | Employee's Withholding Allowance Certificate →](#)
- ❖ [State | Form NC-4 | Employee's Withholding Allowance Certificate →](#)
- ❖ [State | Form NC-4EZ | Employee's Withholding Allowance Certificate →](#)
- ❖ [State | Form NC-4 NRA | Employee's Withholding Allowance Certificate →](#)
- ❖ [Form 8233 | Exemption from Withholding on Compensation for Independent and Certain Dependent\) Personal Services of a Nonresident Alien Individual →](#)
- ❖ [Instructions for Form 8233 →](#)
- ❖ [Form SS-5 | Application for a Social Security Card →](#)
- ❖ [Form W-7 | Application for IRS Individual Taxpayer Identification Number →](#)
- ❖ [Form NRA 001 | UNC Greensboro Foreign Visitor Information Form →](#)
- ❖ [REQUEST FOR IRS FORM 1042-S→](#)
- ❖ [Form TRV-1 | UNC Greensboro Travel Authorization →](#)
- ❖ [BANHON | Honoraria →](#)
- ❖ [HON 9-5-6 Statement](#)
- ❖ [NRA & Accountable Plan Rules](#)
- ❖ [Abbreviated Guide for Accounts Payable Payments](#)



THE UNIVERSITY *of* NORTH CAROLINA
GREENSBORO

S T A T E M E N T

9-5-6 RULE

(Regarding Honorarium Payments to Nonresident Alien Visitors on a B-1/B-2 Visa or Visa Waiver)

I, _____, attest that I will not be performing services for more than **9** days at The University of North Carolina at Greensboro. Also, I attest that I have not received more than **5** payments from any United States Institution in the previous **6** months.

Dates worked at The University of North Carolina at Greensboro:

From: _____ **TO:** _____

SSN: _____ **ITIN:** _____

_____ *(I do not have a U.S. Social Security Number or U.S. Individual Taxpayer Identification Number)*

Signed: _____ Date: _____



Nonresident Aliens and the Accountable Plan Rules

The accountable plan rules apply to nonresident aliens as well as to U.S. citizens and resident aliens.

In a general information letter issued on December 16, 1998, the Office of IRS Assistant Chief Counsel (EB/EO) announced that the "accountable plan rules" and the working condition fringe benefit rules allowed by sections 62, 132, 162, and 274 of the Internal Revenue Code are applicable to nonresident alien individuals as well as to U.S. citizens and resident aliens. This means that payments made to, or on behalf of, nonresident alien individuals for the purpose of defraying or reimbursing the deductible travel and lodging expenses of such nonresident alien individuals are excludible from the gross income of such nonresident alien individuals and are not reportable to the Internal Revenue Service by the payers of such payments, on the condition that the requirements of the accountable plan rules are met.

The requirements of the accountable plan rules are found in Treasury Regulation 1.62-2; and they require that the payee (1) establish the business purpose and connection of the expenses; (2) substantiate the expenses claimed to the payer within a reasonable period of time; and (3) return any amounts to the payer which are over and above the substantiated business expenses within a reasonable period of time. Amounts which are over and above the substantiated business expenses, or not accounted for within a reasonable period of time, are reportable to IRS on Form W-2 and subject to withholding of employment taxes (or are reportable on Form 1042-S and subject to section 1441 withholding, as applicable).

Travel and lodging reimbursements may also fall under the definition of employee working condition fringe benefits as defined by section 132 of the Internal Revenue Code. Treasury Regulation 1.132-1(b)(2) includes within its definition of an "employee" for purposes of section 132" any independent contractor who performs services for the employer."

Revenue Procedure 2011-47 (scheduled to be periodically updated) explains the application of these rules in more detail. In addition, Revenue Ruling 63-77 states the following: **"Allowances or reimbursements made to individuals by a prospective employer for expenses incurred in connection with interviews for possible employment, which are conducted at the invitation of the prospective employer, are not 'wages' subject to Federal employment taxes and the withholding of income tax. Also, to the extent they do not exceed the expenses incurred, they are, under the circumstances, not includible in the gross income of such individuals for Federal income tax purposes."**

Payments by Accounts Payable To Foreign National Visitors

(An abbreviated guide for University personnel responsible for processing payments to Foreign National Visitors)

General Information: Any payment (including a travel expense reimbursement) is considered income subject to tax withholding by the Internal Revenue Service (IRS) unless there is an **IRS Code or Treaty exception**. Therefore, before a payment can be processed for a *Foreign National Visitor*, a payment and tax assessment is necessary to determine if **(1)** the proposed payment can be made to the visitor and, if so, **(2)** what is the tax status of the visitor to whom the payment will be paid. To make the determination, specific information and documentation is required. With the necessary documentation, the tax assessment can be made prior to the visit.

For a non UNCG employee or student, the process of obtaining the necessary information should begin as soon as the invitation is made to and accepted by the visitor for the visit to UNCG.

Information Needed: (Checklist For Departmental Use)

Name and resident country of the Foreign National Visitor.

Name: _____; Country: _____

- Dates of the visit or activity: (Start _____; End _____)
- Business Purpose of the visit or activity: _____
- Type of payment to be made: __Honorarium, __Travel Expense Reimbursement, or __Other (If Other- Describe): _____
- Type of VISA: _____ (Example: B1, B2, WB, WT, F-1, J-1, H-1B)
- Arrival at UNCG: Direct from a Foreign Country; or While visiting or sponsored by another U.S. Institution or company. (If another Institution/Company, NAME: _____)
- Does the visitor have a Social Security Number or ITIN? SSN: _____ ITIN: _____
- If applicable, will Treaty Benefits be requested? __Yes __No (If the visitor has an SSN/ITIN, UNCG will process Form 8233 for Treaty Benefits. If no SSN/ITIN, Form 8233 cannot be processed)

Information to be provided to the Accounts Payable Department is obtained by use of **Form NRA-001 (Foreign Visitor Information Form)**. The Foreign National Visitor completes, signs, and dates **Form NRA-001** and attaches copies of the applicable documents listed on the form. (Note: **Form I-94 (Arrival/Departure Record)** can only be obtained after the visitor enters the U.S.)

Form NRA-001 and copies of documents must be attached to the BANHON or TRV-1 Form when submitted to the Accounts Payable Department. If the information and documents are not provided, no payment or reimbursement will be processed.

(NOTE: For UNCG [NRA] Employees – TRAVEL: Form NRA-001 and related documents are needed for the first travel reimbursement of each calendar year. However, Form NRA-001 and related documents do not have to be submitted with subsequent travel reimbursement request(s) in the same calendar year.) A UNCG P-Card should not be used for payments to or for NRA students or other NRA persons not employed by UNCG without prior approval by the UNCG Controller's Office.

Additional Information: Because, as stated above, any payment (including travel expenses) made to or in behalf of a Foreign National Visitor is considered income, it is helpful to understand the following:

- There are **two** separate federal income tax structures, each with its own set of rules as to what income is taxed, how it is taxed, or excluded from tax withholding and reporting.
- **For income tax purposes**, "Resident Alien" and "Nonresident Alien" refer to the way a Foreign National is taxed.
- Taxation of "Resident Aliens": same manner as for U.S. Citizens and "Green-card Holders" - worldwide income.
- Taxation of "Nonresident Alien": only on U.S.-source income and Federal tax withholding at a **flat 30-percent rate (if in Excess of \$1,500.00 4% additional NC tax)** unless an **IRS Code or income tax treaty** exception applies
- Also, all travel expense payments must comply with the UNCG Accountable Plan Rules. **(Travel away from home; Business Purpose; Receipts for all expenses.) For all students, provide a brief but specific explanation of the business purpose .**
- **(A copy of this document should accompany the Form NRA 001 and the Accounts Payable payment document)**For more detailed information See Foreign Visitor Tax Guide on Payroll Website: <https://payroll.uncg.edu/foreign-visitor-tax-guide/>

Provided by Office of The Controller Payroll Tax Manager Office P.O. Box 26170. Greensboro, NC 27402-6170 Telephone: (336)334-5180 or (336)334-5022

References

UNCG Payroll Office (<https://payroll.uncg.edu/>)

Internal Revenue Service (<https://www.irs.gov/>)

Social Security Administration (<https://www.ssa.gov/pubs/EN-05-10181.pdf>)

Department of Homeland Security – Customs and Boarder Protection (<https://i94.cbp.dhs.gov/I94/>)

NC Department of Revenue (<https://www.ncdor.gov/>)

IRS Publication 515 – Withholding of Tax on Nonresident Aliens and Foreign Corporations.

(<https://www.irs.gov/pub/irs-pdf/p515.pdf>)

IRS Publication 519 – U.S. Tax Guide for Aliens (<https://www.irs.gov/pub/irs-pdf/p519.pdf>)

IRS Publication 597 – Information on the United States – Canada Income Tax Treaty. (<https://www.irs.gov/forms-pubs/about-publication-597>)

IRS Publication 901 – U.S. Tax Treaties (<https://www.irs.gov/pub/irs-pdf/p901.pdf>)