Payments to Nonresident Alien Independent Contractors, Guest Speakers and Performers

Responsible Officer: Vice President for Business Affairs and Controller
Sponsoring Department: Payroll Services
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Errors or changes to: aim@uta.edu

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PROCEDURE OBJECTIVE

This procedure provides instructions for processing payments to nonresident alien independent contractors, guest speakers and performers.

RATIONALE

Attached to the privilege of hosting international persons is the responsibility of complying with the complex rules of both the Internal Revenue Service (IRS) and the U.S. Citizenship and Immigration Service (USCIS). Because of the complexity of these external requirements, it may take up to six months to obtain the proper travel documents, appropriate visas, tax identification numbers, and tax treaty exemptions. Payroll Services recommends that in addition to following this procedure, a department who plans to make a payment to an international guest contact Payroll Services at 25426 for payment procedures and necessary tax documents.

SCOPE

All departments planning to pay an international guest who is a nonresident alien.
WEBSITE ADDRESS FOR THIS PROCEDURE

http://www.uta.edu/policy/procedure/1-23

RELATED STATUTES, POLICIES, REQUIREMENTS OR STANDARDS

<table>
<thead>
<tr>
<th>UT System Administration Policies and Standards</th>
<th>Other Policies and Standards</th>
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</thead>
<tbody>
<tr>
<td>N/A</td>
<td>Payments for Professional Services (Procedure 1-19)</td>
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CONTACTS

If you have any questions about UT Arlington Procedure 1-23, Payments to Nonresident Alien Independent Contractors, Guest Speakers and Performers, please contact the following departments:

<table>
<thead>
<tr>
<th>Subject</th>
<th>Office Name</th>
<th>Telephone Number</th>
<th>Email/URL</th>
</tr>
</thead>
<tbody>
<tr>
<td>All topics in Procedure</td>
<td>Payroll Services</td>
<td>(817) 272-5426</td>
<td><a href="http://www.uta.edu/policy/bac/payroll">http://www.uta.edu/policy/bac/payroll</a></td>
</tr>
<tr>
<td>Website access</td>
<td>Administrative Information Management</td>
<td>(817) 272-0222</td>
<td><a href="mailto:aim@uta.edu">email: aim@uta.edu</a> <a href="http://www.uta.edu/aim">http://www.uta.edu/aim</a></td>
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DEFINITIONS

Nonresident Alien - a person who is not a U.S. citizen or a lawful U.S. permanent resident.

GLACIER is an independent software system provided by Arctic International LLC. It is designed to collect information about an individual's immigration status, citizenship, residency, and history of presence in the U.S. to determine an individual's residency tax status (nonresident or resident alien for tax purposes) and eligibility to claim a tax treaty exemption and/or the nonresident social security tax exemption. The system is designed to allow the individual to complete all information from any computer with an Internet connection.

RESPONSIBILITIES

N/A

PROCEDURES
Section I. Payments for Professional Services Procedure

Please reference Payments for Professional Services (Procedure 1-19), Section VII, Payments to Independent Contractors for additional procedural information.

NOTE: Please contact the International Coordinator for Employment in Equal Opportunity Services if your department is planning on inviting an international scholar/guest for a short period of time. The International Coordinator can provide both the hiring department and the visiting scholar with the necessary information and paperwork to ensure that such situations are handled appropriately and in accordance with the applicable federal regulations.

*Failure of the foreign national visitor to enter the U.S. without the proper visa status will result in the University's inability to pay/reimburse the visitor for any expenses and/or pay the visitor an honorarium and may result in the foreign national being unable to engage in the planned academic activities.*

For more information see International Visiting Scholars at [http://www.uta.edu/hr/eos/international-employees/Visiting-Scholars.php](http://www.uta.edu/hr/eos/international-employees/Visiting-Scholars.php)

Section II. Additional Documents

In addition to the requirements of Procedure 1-19, the international independent contractor must present the following documents:

- A copy of the I-94 or the passport stamp with entry date to U.S. and immigration status must be attached to Payee Information Form (Form 1-9)
- A signed
- *Statement for Foreign National Honoraria Recipients* (Form 1-8C)
- All payments to an international independent contractor are taxed at 30% unless a Form 8233 to claim a tax treaty exemption from withholding is submitted to Payroll Services prior to the time payment is made. The payee must have a Social Security Number or an Individual Taxpayer Identification Number to apply a tax treaty exemption.
- If the international independent contractor is claiming a tax treaty exemption, they must complete the GLACIER online tax program to verify eligibility and provide the tax forms necessary to apply the tax treaty exemption. Email prf@uta.edu with the payee's full name, email address, immigration status (F1, J1, H1B, etc.) to request a GLACIER password. GLACIER access information will be emailed to the individual.
Section III. Foreign Source Income

If a nonresident alien earns income from the performance of personal services, the income is sourced in the country where the services are rendered. In determining the source of any compensation, the residence or nationality of the payor of the compensation is irrelevant, as is the place and time of payment. Therefore, payments made by the University to nonresident aliens performing services outside the U.S. are considered "Foreign Source Income" and not subject to U.S. tax. Likewise, the individual receiving payment is not required to have an ITIN. UT Arlington may pay that individual under a temporary identification number. Some countries are restricted and payments cannot be issued to persons present in these countries. For a list of sanctioned countries please visit http://www.ustreas.gov/offices/enforcement/ofac/programs/.

Section IV. Completing a U.S. Tax Return with the Internal Revenue Service

The international payee must complete a tax return and mail to the Internal Revenue Service of the U.S. Government. Income taxes in the U.S. are based on a calendar year beginning January 1 through December 31. Tax returns are completed and mailed the following year by April 15 if the contractor is still in the U.S. If the contractor is residing out of the U.S., the deadline for mailing is June 15.

A. Payments to international payees are reported on a Form 1042S. Form 1042S will be issued by Payroll Services online through the GLACIER program before March 15 of the following year after the payment was made. This form reports the amount of payment and the taxes withheld or the amount exempted if a tax treaty exemption was applied.

B. All international payees will have a GLACIER record to access their Form 1042S. For access information, the payee can email prf@uta.edu.

C. Payroll Services has purchased tax software for nonresident aliens called GLACIER Tax Prep™. This software is successful at assisting the majority of UT Arlington nonresident alien payees with preparing the necessary forms. UT Arlington provides this software at no cost to the payee. It is usually available in mid-February through June 15.

D. The payee may access the GLACIER Tax Prep™ program using their GLACIER User ID and password. Please email prf@uta.edu for access information.

Section V. Reimbursements for Travel Expenses Please contact the Travel Desk in Accounting and Business Services at 817-272-7100 or 817-272-2298 or visit Travel for Persons Other Than Faculty and Staff Does Not Apply to State Accounts (Procedure 2-87)

FORMS AND TOOLS/ONLINE PROCESSES

- Authorization for Professional Services (Form 1-8A)
• Statement for Foreign National Honoraria Recipients (Form 1-8C)

• Payee Information Form (Form 1-9)

• List of Sanctioned Countries

• GLACIER Tax Prep™ Access Request

• Travel for Persons Other Than Faculty and Staff Does Not Apply to State Accounts (Procedure 2-87)

• International Visiting Scholars

APPENDICES

• Internal Revenue Service