Payments to Nonresident Alien Employees

Responsible Officer: Vice President for Business Affairs and Controller
Sponsoring Department: Payroll Services
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PROCEDURE OBJECTIVE

This procedure provides instructions for processing payments to nonresident aliens who join UT Arlington as employees.

RATIONALE

Attached to the privilege of hiring 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 hire an international guest as an employee contact the Office of Human Resources to provide information on work authorization requirements and Payroll Services for payment procedures and necessary tax documents.

SCOPE

All departments planning to hire a nonresident alien as an employee.
DEFINITIONS

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

RESPONSIBILITIES

N/A

PROCEDURES

Section I. Social Security Number

A. Individuals who are eligible to work at UT Arlington are eligible for a social security number. International employees should visit the Office of International Education (OIE) web site for application requirements at http://www.uta.edu/oie/services/social_security_act.php

B. UT Arlington departments hiring an international employee on F1 or J1 student status who does not have a social security number should follow the steps listed below. NOTE: H1B and J1 Research or Teacher status may apply without the letter from OIE using their approved immigration document, I-94 and passport.
1. Department completes the Office of International Education Employment Verification form when offer of position is accepted.

2. Department gives the completed and signed form to new employee.

3. Employee signs and takes the request form to Office of International Education.

4. OIE processes the request (7 business days), authorizes the request and emails the employee when form is ready to pick up.

5. Employee takes the authorized form to Social Security Administration (SSA) to apply for a social security number. Employee will receive an application receipt from the SSA. SSA Office location is listed on the OIE form.

6. Employee brings the application receipt to the department and may begin working without an appointment.

7. When the SSN is received by employee:
   a. Employee completes the GLACIER program and takes their SSN to Payroll Services with completed GLACIER forms and documents. (See Section II. GLACIER Online Tax Program for more information.)
   b. Payroll Services enters the SSN in MyMAV then contacts the department and Human Resources with the SSN to set up employee record.

Section II. GLACIER Online Tax Program

All international employees are required to complete an online tax program called GLACIER. Permanent residents do not need to complete the GLACIER program.

A. 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. Users will be required to print and sign the GLACIER forms and submit them to Payroll Services along with copies of their visas, passports, and immigration documents. Payroll Services will review these documents and apply the appropriate tax status for each individual.

B. A Request for GLACIER Password form is included in the new employee packet or you may email prf@uta.edu with the employee's full name, department and email address, immigration status (F1, J1, H1B, etc.) to request a GLACIER password. GLACIER access information will be emailed to the employee.

C. The GLACIER forms are submitted to Payroll Services when the employee has a social security number.
D. GLACIER forms with required documents must be submitted to Payroll Services before payments can be issued to the employee.

Section III. Work Authorization and Employee Packet

When a nonresident alien is to be appointed by UT Arlington to either a monthly or hourly position, the employee must meet work authorization requirements and complete a New Employee Packet (Form 3-27A). Please contact Human Resources at 817-272-5554 for work authorization.

- Benefit eligible (monthly) appointed employees should attend a new employee paperwork session with Human Resources and provide all immigration documents.
- Non-benefit eligible (hourly or semi-monthly) appointed employees must complete the New Employee Packet (Form 3-27A) and submit to Human Resources with all immigration documents.

NOTE: For H1B or Permanent Resident application information, please contact Equal Opportunity Services.

Section IV. Final Approved Assignment

Employee must have a final approved assignment by the payroll processing date to be paid. Assignments are entered by the hiring department then routed through several levels of approval. Please refer to Payroll Processing Dates.

Section V. Federal Tax Information

A. Social Security Tax

Certain nonresident aliens are eligible for an exemption from Social Security taxes. The exemption is dependent on visa type and the number of years present in the United States. In order to determine residency for tax purposes and exemption eligibility, any nonresident alien employed by UT Arlington must complete the online tax program called GLACIER. The information entered in this program will identify tax forms that need to be completed and whether the individual qualifies for the Social Security tax exemption.

B. Income Tax Withholding

Tax withholding on international employees’ wages is based on the graduated tax table rates unless exempt under provisions of a Tax Treaty (See Tax Treaty Exemptions below). Tax residency status is an important factor in establishing the proper amount of tax to be withheld. It is determined by the immigration type and the number of years present in the U.S. The GLACIER program will determine the tax residency status for each individual employee and is reviewed by Payroll Services. Form W-4, Employees
Withholding Allowance Certificate, is provided by the GLACIER program and must be submitted to Payroll Services.

1. International employees who are nonresident aliens for tax purposes may only claim Single, one allowance on the Form W-4. Exceptions may apply to individuals from India, Mexico, Canada, South Korea and Japan.

2. International employees who are resident aliens for tax purposes may complete the Form W-4 according to marital status and dependents.

C. Tax Treaty Exemptions

The United States has entered into tax treaties with many countries to encourage the exchange of information and business. However, the provisions of the treaties vary with each treaty and the tax exemption is dependent upon the type of services being provided. Therefore, each case must be evaluated separately. The GLACIER online tax program is specifically designed to benefit international payees regarding United States Federal Government tax issues. The information entered in this program will identify whether the individual qualifies for a tax treaty exemption and the tax forms that need to be submitted. The employee will print the necessary tax forms from GLACIER, sign and submit them to Payroll Services. Payroll Services will review these documents, apply the appropriate tax status for each individual and submit the necessary forms to the Internal Revenue Service.

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

International employees must complete a tax return and mail directly to the Internal Revenue Service of the U.S. Government each year by April 15 for the previous year. Income taxes in the U.S. are based on a calendar year beginning January 1 through December 31. For example, a tax return for the calendar year 2009 must be filed by April 15, 2010. Payroll Services will issue tax reporting forms to be used when completing a tax return. Do not complete a tax return until the appropriate forms are received.

NOTE: International employees who are nonresident aliens for tax purposes are not allowed to send a tax return electronically. Nonresident aliens must complete a Form 1040NR or Form 1040NR-EZ. If using a tax service, be sure they provide the Form 1040NR or Form 1040NR-EZ to be signed and mailed to the IRS International Returns Section. Do not complete a Form 1040 or Form 1040EZ or send electronically.

- Payments to employees that are not exempt due to a tax treaty are reported to the employee on a Form W-2 which is available online through UT Share Employee Self Service by mid-January. Form W-2s not claimed online will be mailed on January 31.

- Payments to employees that are exempt from income tax due to a tax treaty benefit are reported to the employee on a Form 1042S which is available to the employee by mid-March through GLACIER.

- An employee may receive both a Form W-2 and a Form 1042S if they received both taxable wages and tax exempt wages in the same calendar year. If the employee is also a student who received a taxable scholarship, the student
An employee will receive a second Form 1042S for the taxable scholarship. Do not complete a tax return until all forms are received.

- Payroll Services offers a tax preparation program through GLACIER Tax Prep™. This program is specifically designed to assist nonresident aliens with completing their tax return. It is available to both employees and students of UT Arlington. The program is available from mid-February to mid-June. Email Payroll Services at prf@uta.edu for access information. The program cannot be used by those who are resident aliens for tax purposes. Payroll Services cannot offer tax advice.

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**FORMS AND TOOLS/ONLINE PROCESSES**

- Payroll Processing Dates
- Office of International Education (OIE)
- Equal Opportunity Services
- New Employee Packet (Form 3-27A)

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**APPENDICES**

- Internal Revenue Service
- Social Security Administration
- UT Austin's International Office