

## **Information on Payments to International Vendors, Non-Resident Alien Consultants, Scholars, and Official Visitors**

The following procedures will provide guidelines for retaining the services of nonemployee nonresident aliens, including international vendors, consultants, scholars, and official visitors. Policies are made to ensure that contracts and payments are made in compliance with Internal Revenue Service and Department of Homeland Security laws and regulations.

### **Eligibility for Payments**

The U.S. Citizenship and Immigration Services laws and regulations are very specific about what types of payments may be made to each visa type, who may make the payments, and what type(s) of employment verification documents are required for the nonresident alien to receive payments.

**A nonresident alien** is an individual who is not a citizen or a permanent resident (holder of a "green card") of the United States. A nonresident alien is admitted to the United States for a temporary stay and for a specific purpose (identified by visa type).

An abbreviated list of common visa types, restrictions, and documentation is provided below:

- B-1 or \*VWB or WB (Visitor/Business) - May receive reimbursement for reasonable travel expenses and, under limited circumstances, payments for compensation and honoraria.\*\*
- B-2 or VWT or WT (Visitor for Pleasure) - Under limited circumstances, may receive payments for compensation, honoraria, and reimbursement of reasonable travel expenses.\*\*
- F-1 (Student) may receive an award, prize, research participant stipend or scholarship.
- J-1 (Exchange Visitor - Short term Scholar, Professor, Researcher or Specialist) is eligible to receive compensation and reimbursement payments from the organization and for the period stated on the DS-2019. Visitor must have a Social Security or Tax ID Number for compensation payments.
- Canadians who enter the United States and are not issued a Form I-94 are considered to be in B status (compensation and reasonable travel expense reimbursement) with permission to remain in the US for up to six months.

\*VWB/WB or Visa Waiver for Business is an agreement between the US and certain countries in which the visitor is not required to have a visa. Participants in the program must be present in the United States fewer than 90 days with a valid passport and a nontransferable, nonrefundable round trip ticket.

\*\*The American Competitiveness Workforce Act of 1998 allows payment of honoraria and associated incidental expenses to B-1, B-2, WB, and WT visa holders for "usual academic activity," if paid by a United States institution of higher education, a nonprofit organization affiliated with an

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institution of higher education, or a nonprofit or a governmental research organization. Under the Act, an academic activity may not exceed nine days at a single institution. In addition, such visa holders cannot accept honoraria and/or incidental expenses from more than five such institutions or organizations in the previous six months.

### **Procedures:**

Wichita State University utilizes the Glacier Nonresident Alien Tax Compliance System to collect immigration and tax related information from foreign individuals receiving funds from Wichita State University. All foreign individuals receiving funds from Wichita State University must have a GLACIER record. GLACIER determines residency status and tax treaty eligibility for the foreign individual. (See *Non-Resident Alien Payment Checklist*) The system creates all forms required prior to payment, as well as identifying the necessity for IRS form 1042-s for annual tax reporting. The State of Kansas creates and submits IRS 1042s for tax reporting.

### **Federal and State Withholding Tax Treatment:**

Wichita State University will withhold taxes in compliance with IRS and State of Kansas tax law for all applicable nonresident alien payments, including honoraria, compensation, consulting fees, fellowships, stipends, awards, participant payments, sub-agreements, services/maintenance, royalties, as well as some reimbursements for travel. Detailed descriptions regarding tax issues for non-US tax residents can be found in IRS publication; US Tax Guide for Aliens.

Tax treaty benefits may be available to the payee, if there is an income tax treaty between the home country and the US. The individual's US tax residency status, the business purpose of the payment, and payment amount determine whether a particular tax treaty benefit applies. In addition, claims for tax treaty benefits must include the individual's social security number or an ITIN (Individual Taxpayer Identification Number).