

Weber State University
Payments to International Students/Foreign Nationals
(As of 05/2018)

A foreign national is defined simply as "an individual who is a citizen of any country other than the United States."

Certain types of payments to a foreign national may be taxable, while other payments to the same person are not. Also, payments that are taxable to one foreign national may not be taxable to another because of a tax treaty. It is important for the University to determine the taxability of each type of payment made to a foreign national in order to know whether withholding is required and the amount.

Federal Withholding Taxes and Tax Treaties

Weber State University (WSU) is a withholding agent for the Internal Revenue Service (IRS) and is required to withhold tax. All payments made to a nonresident alien are taxable unless specifically exempt from tax by IRS Code or a treaty.

Withholding and Reporting

WSU is responsible for appropriate withholding and reporting of all payments to foreign nationals. Where a payment is "US Source Income", WSU is required to report that payment on a Form 1042-S, and may be required to withhold at the applicable rate, unless the foreign national claims the benefit of a tax treaty.

Withholding occurs on the gross amount of the payment (for example, if the University agrees to pay \$1,000 to a foreign national, and such payment is subject to withholding at a rate of 30%, WSU will pay \$700 to the foreign national and \$300 to the IRS). It is a common misconception that the 30% withholding is calculated on the amount that is paid directly to the foreign national. Instead, the 30% is calculated on the **total amount to be expended** by WSU.

Where withholding is required, a department may elect to "gross-up" the payment, in order to ensure that the foreign national receives the amount that the foreign national expected to receive from WSU. If a payment is "grossed-up" and

the department would like to pay the expense on behalf of the individual being taxed the department will contact Accounting Services, the calculation will be made and then further instructions on how to process the payment will be provided.

Taxable Scholarships are taxed at a rate of 14% which is the responsibility of the scholarship recipient. However the department may choose to pay the tax liability on behalf of the scholarship recipient. Confirm with the department regarding the tax obligation.

Note: Weber State University employees cannot provide personal, legal or tax advice. Contact the IRS, your accountant or tax attorney for assistance.

Useful IRS Publications:

- 54 Tax Guide for U.S. Citizens and Resident Aliens Abroad
- 501 Exemptions, Standard Deduction, and Filing Information
- 505 Tax withholding and Estimated Tax
- 514 Foreign Tax Credit for Individuals
- 515 Withholding of Tax on Nonresident Aliens and Foreign Entities
- 519 U.S. Tax Guide for Aliens
- 525 Taxable and Nontaxable Income
- 970 Tax Benefits for Education

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VISA CLASSIFICATION	DEFINITION OF VISA	WSU EMPLOYMENT	INDEPENDENT CONTRACTOR	HONORARIUM	WSU SCHOLARSHIP & FELLOWSHIP IRS PUB. 970	WSU PRIZE/AWARD IRS PUB. 515	TRAVEL REIMBURSEMENT IRS PUB. 463
B-1	Visitor for Business	NO	NO	YES "9/5/6" Rule applies, 30% tax withholding	NO	YES 30% tax withholding	YES
Visa Waiver Business	Visa Waiver for Business (VWB)	NO	NO	YES "9/5/6" Rule applies, 30% tax withholding	NO	YES 30% tax withholding	YES "9/5/6" Rule applies, 30% tax withholding
B-2	Visitor for Tourism	NO	NO	YES "9/5/6" Rule applies, 30% tax withholding	NO	YES 30% tax withholding	YES "9/5/6" Rule applies, 30% tax withholding
Visa Waiver Tourism	Visa Waiver for Tourism (VWT)	NO	NO	YES "9/5/6" Rule applies, 30% tax withholding	NO	YES 30% tax withholding	YES "9/5/6" Rule applies, 30% tax withholding
F-1	Student	YES (limited hours)	NO	YES	YES 14% tax withholding for non-qualified scholarship	YES	NO. Unless meets IRS exceptions
H1-B	Temporary Worker in Specialty Occupation	YES	NO	YES	NO	YES	YES
J-1 Scholar	Exchange Visitor	YES	YES	YES	NO	YES	YES

Payment Processed through:	HR/Payroll	Paw Place (Purchasing)	Paw Place (Purchasing)	Financial Aid	Paw Place (Purchasing)	Paw Place (Purchasing)
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"9/5/6" RULE: Paid academic activity cannot last longer than 9 days from more than 5 institutions within a 6-month period; Individuals on a B-2 or Visa Waiver Tourism (VWT) should only be invited to participate in an academic activity if they are already in the US. Anyone currently outside of the US who is invited to WSU should be advised to obtain B-1 or Visa Waiver Business (VWB) status.

*To process a payment to International Students/Foreign Nationals submit a copy of the passport/information page and a copy of the visa page.