FOREIGN NATIONAL TAX INFORMATION
(NON PAYROLL)

FOLLOWING IS INFORMATION REGARDING NECESSARY PAPERWORK FOR PAYMENT TO NONRESIDENT ALIENS PERFORMING SERVICES AND/OR RECEIVING SCHOLARSHIPS/FELLOWSHIPS AT UW MILWAUKEE. THIS INFORMATION COVERS THE BASICS AND THE MOST COMMON VISA TYPES. IF FURTHER CLARIFICATION IS NEEDED AND/OR YOU HAVE QUESTIONS ON ITEMS NOT COVERED, PLEASE CALL THE FOLLOWING FINANCIAL SERVICES CONTACT PERSON.

PRIMARY CONTACT: Bonnie Gonnering, Ext. 4346
SECONDARY CONTACT: Pam Kissinger, Ext. 6651
ALTERNATE CONTACTS: Jean Harvey, Ext. 5404

REMEMBER: IT IS THE RESPONSIBILITY OF THE REQUESTING CAMPUS DEPARTMENT TO PROVIDE ALL THE NECESSARY FORMS AND INFORMATION TO THE FINANCIAL SERVICES OFFICE IN A TIMELY MANNER. IF FORMS ARE NOT RECEIVED WHEN REQUESTED, PAYMENTS MAY NOT BE MADE OR WITHHOLDING WILL APPLY!!!!!!

(Updated 9/21/2011)
IMPORTANT INFORMATION (Please read before you continue with this flowchart)

The flowchart below guides you in determining which tax related documents are required when making payments at UW Milwaukee for Nonresident Aliens. This is especially important because additional issues are involved. For example, for nonresident aliens the VISA TYPE determines the kind of payments that can be made. Please make sure you review this flowchart as part of your planning process before inviting the visitor, because these requirements must be adhered to.

Is the Payee a Resident of the United States for Tax Purposes (Do they file taxes in the United States?)

YES

Is the Payment Tax Reportable? (honorarium, services, scholarships)

YES

Provide Taxpayer Identification Number (SSN/EIN/ITIN) on the payment form.

NOTE: If no taxpayer ID number is provided, the UW is required to withhold taxes on ALL payments.

NO

Taxpayer Identification number (SSN, EIN, ITIN) is optional.

NO

Is type of payment allowed for the specific VISA TYPE?

NO

Payment CANNOT be made!

YES

Obtain copy of Passport and I-94 (For Visa Waiver Countries see Visa Waiver Program attachment regarding new ESTA procedures).

NOTE: For Canadians Only: If No I-94, use a second form of photo ID in lieu of the I-94.

Attach these documents to the payment form.

In addition to the Passport & I-94, obtain required documents as listed for the specific VISA TYPE.

(For Visa Waiver Countries see Visa Waiver Program attachment)

Attach these documents to the payment form

Is the payment Tax Reportable?

YES

Does the payee have a United States Taxpayer Identification Number (SSN, ITIN, EIN)?

YES

Obtain the Taxpayer Identification Number. Write the taxpayer ID number on the appropriate box on the payment form

NO

Call Financial Services Contact Person to make an appointment to complete a W-7 form (Application for Taxpayer ID number).

NOTE: If application is not completed the UW is required to withhold taxes on all payments.

Taxpayer Identification Number (SSN/EIN/ITIN) is optional

NO

Complete a W8-BEN or Form 8233

Attach completed/signed form to the payment form.

YES

Taxes will be withheld at a rate of 14% for Scholarships/Fellowships, and 30% for other payments (services, honorariums, etc.)

NO

Is there a Tax Treaty for the type of payment being made?

(Consult Financial Services Contact Person)
TAXATION OF NONRESIDENT ALIENS

The rules and regulations relating to the taxation of nonresident aliens are complex and sometimes ambiguous. Even more frustrating is the fact that the rules seem to change for each individual circumstance, making it extremely hard to develop a system to handle them. The following summary highlights these rules.

NONRESIDENT ALIEN TAX SUMMARY

- In accordance with Federal Law, all payments made to a nonresident alien must be reported to the Internal Revenue Service (IRS).

- All payments are subject to federal tax withholding unless they are specifically exempted by either US tax law, or by a tax treaty. (NOTE: There are tax treaties with over 40 countries, each of which is unique)

- NO PAYMENTS will be made without copies of a Passport and I-94. Visa Waiver country ESTA procedures may apply. ESTA Authorization Form & Homeland Security Stamp in the passport will substitute for the I-94. (See Visa Waiver Program attachment)

- Each Payment requires the VISA TYPE and US Residency Status

- Nonresident aliens must provide either a U.S. Social Security Number or ITIN (Independent Taxpayer Identification Number). If they do not have one, they need to complete & sign Form W-7 in person at the Financial Services Contact office. Appointments should be made at least 2 weeks prior to when payment is needed.

- If a nonresident alien is exempt from federal tax withholding because of either US tax law or a tax treaty (see attached Tax Treaty Countries List), that individual must file the appropriate form:
  - Form 8233 – Compensation & Related Payments
  - Form W-8BEN – Scholarships/Fellowships

- Payments requiring federal income tax withholding are taxed at 14% for scholarships/ fellowships and 30% for personal services. Awards/Prizes are not included in any of the Tax Treaties and are subject to 30% withholding.

  *The appropriate tax will be withheld based on IRS regulations and existing tax treaties. Withholding is required at 30% on payments for services unless:
  a. Income is exempt or subject to a reduced rate due to a tax treaty and individual has filed Form 8233 to claim the exemption,
  b. Income is subject to a reduced withholding rate (14%) by IRS Code (scholarships and participant support for F-1 visa holders)*

- If ALL services are performed outside the United States – NO Foreign National paperwork is needed because there is no tax liability. (Notation of this must be listed on the payment form).
Overview – what is the Visa Waiver Program?

- The Visa Waiver Program (VWP) enables nationals of certain countries to travel to the United States for tourism or business for stays of 90 days or less without obtaining a visa. The program was established in 1986 with the objective of promoting better relations with U.S. allies, eliminating unnecessary barriers to travel, stimulating the tourism industry, and permitting the Dept. of State to focus consular resources in other areas. VWP eligible travelers may apply for a visa, if they prefer to do so. Not all countries participate in the VWP, and not all travelers from VWP countries are eligible to use the program.

- All VWP travelers must submit an application to U.S. Homeland Security using the Electronic System for Travel Authorization (ESTA). The cost of this application as of 4/20/2011 is $14. The VWP traveler enters their personal information into ESTA and, if approved by ESTA, the VWP traveler is given an ESTA authorization document. This ESTA Authorization document is normally valid for two years at which time the VWP traveler must re-apply through ESTA. The authorization document can also be viewed and printed from the ESTA web page at https://esta.cbp.dhs.gov/esta/ by the applicant entering certain personal information (first name, family name, date of birth, passport number, and country issuing passport).

- For details of the Visa Waiver Program, ESTA, and a current list of countries that participate in the Visa Waiver Program (VWP) please visit the U.S. Dept of State web page at http://travel.state.gov/visa/temp/without/without_1990.html

**Important Note:** If a country is part of the Visa Waiver Program they do not have a Visa but in order to receive any payment from a U.S. Entity show the paying entity (1) ESTA Authorization, and (2) the Homeland Security Stamp in their passport for their current trip to the U.S. These documents must be attached to the payment processing forms (PIR’s, ASSA’s, etc), along with the photo page of the passport, in order for payments to be processed. Following are samples of (1) ESTA Authorization and (2) Homeland Security Stamp mentioned above (personal information black-out for security reasons)

Sample of ESTA Authorization and Security Stamp (On Next Pages)
ESTA Application

ESTA Application: April 20, 2011 12:12:53 PM EDT

Authorization Approved
Your travel authorization has been approved and you are authorized to travel to the United States under the Visa Waiver Program. This does not guarantee admission to the United States; a Customs and Border Protection (CBP) officer at a port of entry will have the final determination.

Application Number
RRJRWQH2KF4

Expiration Date
Mar 30, 2013

[Payment Receipt]

Payment Date
March 30, 2011

Payment Tracking Code

Payment Received
$14.00

Family Name

First (Given) Name

Birth Date

Sex (Male/Female)
F (Female)

Country where you live
ICELAND

E-Mail Address

Telephone Number

Passport Number

Passport Issuing Country
ICELAND

Passport Issuance Date
Mar 15, 2006

Passport Expiration Date
Mar 15, 2016

City Where You are Boarding

Carrier Information

Carrier Name
Irelandair

Flight Number or Vessel Name

Address While In The United States

Address Line 1

Address Line 2

City

State

Do any of the following apply to you? (Answer Yes or No)
A) Do you have a communicable disease; physical or mental disorder; or are you a drug abuser or addict? No
B) Have you ever been arrested or convicted for an offense or crime involving moral turpitude or a violation related to a controlled substance; or have been arrested or convicted for two or more offenses for which the aggregate sentence to confinement was five years or more; or have been a controlled substance trafficker; or are you seeking entry to engage in criminal or immoral activities? No
C) Have you ever been or are you now involved in espionage or sabotage; or in terrorist activities; or genocide; or between 1933 and 1945 were you involved, in any way, in persecutions associated with Nazi Germany or its allies? No
D) Are you seeking to work in the U.S.; or have you ever been excluded and deported; or been previously removed from the United States or procured or

4/20/2011
Sample of (2) the Homeland Security Stamp in NRA's passport (must be for current trip to the U.S.)
**U.S. FEDERAL FORM DEFINITIONS**

**EAD**.........Employment Authorization Document

**ESTA**.........Electronic System for Travel Authorization

**DS-2019**....Certificate of Eligibility for Exchange Visitor

**I-20**.........Certificate of Eligibility for Nonimmigrant

**I-94**.........Arrival-Departure Record

**W-7**.........Application for IRS Individual Taxpayer ID Number-ITIN (Need Original)

**W-8BEN**....Certificate of Foreign Status of Beneficial Owner for US Tax Withholding (To Claim Exemption from Withholding)

**8233**........Exemption from Withholding on Compensation for Independent Personal Services of a Nonresident Alien Individual (Need Original) (To Claim Exemption from Withholding)

An **I-94, Arrival-Departure Record** is given to the person upon entering the United States. An immigration officer will place a small white card, Form I-94, in the passport (card is green for Visa Waiver countries). On this card either a specific date or D/S (duration of status) is recorded. If a specific date is recorded, that is the date by which they must leave the U.S. If D/S (duration of status) is recorded, they may remain in the U.S. as long as they continue their studies, exchange program, or employment. It is a very important document that should be kept in the passport, since it shows they have permission to be in the United States. It will be relinquished when they leave the United States. **NOTE:** If the traveler is from a visa waiver country and comes to the U.S. under the Visa Waiver Program ESTA system, an I-94 will not be issued. To receive payment these travelers must provide a copy of the ESTA Authorization Form and the Security Stamp in their passport (see Visa Waiver Program attachment).

An **ITIN** is a nine-digit number issued by the US Internal Revenue Service (IRS) to individuals who are required for US tax purposes to have a US taxpayer identification number but who do not have a social security number. **The ITIN is for federal tax purposes only.** It does not entitle you to social security benefits and does not change your immigration status or your right to work in the United States. **You need an ITIN to claim tax treaty benefits.** You apply for the ITIN on Form W-7. **APPOINTMENTS ARE REQUIRED.**
VISA TYPES – PAPERWORK REQUIRED FOR PAYMENT (NON-PAYROLL)

B-1 Business/B-2 Tourist (WB/WT waiver countries)

NOT ELIGIBLE FOR EMPLOYMENT

Types of Payments:
- Honorariums
- Participant support
- Travel reimbursement

Length of Stay:
- Honorarium payments – visits of 9 days or less
- Participant support & reimbursement – dependent on I-94 (for B-1’s)

Forms Needed for Payment:
- SSN, ITIN or W-7 application (original required; must be signed in person)
- Invite Request (detail activities & payment amount)
- Copy of Passport
- Copy of I-94 or ESTA Authorization Form and Security Stamp
- Form 8233 (if tax treaty country)
- Receipts for expenses if necessary

F-1 Students

ELIGIBLE FOR ON-CAMPUS EMPLOYMENT; MUST HAVE EMPLOYMENT AUTHORIZATION DOCUMENT (EAD) TO WORK OFF CAMPUS (CAN ONLY WORK 20 HRS WEEK DURING CLASSES; 40 HRS WEEK WHEN NO CLASSES)

Types of Payments:
- Fellowship/Scholarship
- Stipend
- Travel reimbursement

Length of Stay
- Duration of study program – must be enrolled fulltime

Forms Needed for Payment
- SSN, ITIN or W-7 application (original required; must be signed in person)
- Copy of Passport
- Copy of I-94
- Copy of Form I-20
- Form W-8BEN (if tax treaty country)
J-1 Exchange Visitor Scholars

EMPLOYER SPECIFIC

Types of Payment:
- Fellowship/Scholarship
- Payment for Services
- Participant Support
- Travel reimbursement

Length of Stay:
- Research Scholars & Professors – Min 15 days, Max 3 years
- Short Term Scholars – No Min, Max 6 months

Forms Needed or Payment:
- SSN, ITIN or W-7 application (original required; must be signed in person)
- Invite Letter or Appointment Request (detail activities & payment amount)
- Copy of Passport
- Copy of I-94
- Copy of DS-2019
- Form 8233 (if tax treaty country)

USE OF IRS W-8BEN AND 8233 FORMS TO CLAIM TAX TREATY EXEMPTIONS

Use Form W-8BEN for Scholarship/Fellowship Grant payments if a tax treaty exemption applies. The treaty must include a provision for scholarship/fellowship grants.

Use Form 8233 for Honorariums/Personal Services if a tax treaty exemption applies.

IMPORTANT POINTS TO REMEMBER

1. Is the payee a non-resident alien (NRA)?

2. ALWAYS ask what type of Visa the payee is entering the U.S. with.

3. Does the payee have a U.S. Taxpayer ID number?

4. Is there a Tax Treaty for the type of payment being made?

5. Is the payee from a Visa Waiver Country and are they here without a Visa? If so, do they have the ESTA Authorization Form and Security Stamp?

6. CONTACT Financial Services regarding the proper paperwork that will be required before a payment can be made.

7. It is the responsibility of the requesting department(s) to provide the proper paperwork to Financial Services with the payment request.

8. PLAN AHEAD!!
TAX TREATY COUNTRIES

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<tr>
<th>Australia</th>
<th>Germany</th>
<th>Luxembourg</th>
<th>South Africa</th>
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Remember: All the countries have unique tax treaties. Even though the country listed is on the tax treaty list we have to verify that the type of payment being requested is under the treaty. The Accounting Office in BFS will inform you if a payment type is not covered by the treaty. [as of January 2010]

VISA WAIVER PROGRAM – PARTICIPATING COUNTRIES

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<tr>
<th>Andorra</th>
<th>France</th>
<th>Liechtenstein</th>
<th>San Marino</th>
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