

## AP Independent Personal Service Payments to Nonresident Aliens – Required Documentation and Withholding

**Types of Payments:** There are two types of payments to non-employee, nonresident aliens:

- Honoraria
- Travel Expense Reimbursement

**IRS Tax Laws:** Internal Revenue Publication 901 – US Tax Treaties

<http://www.ucop.edu/ucophome/cao/paycoord/taxcvr.html> provides direction when making these payments, and when it is allowable to exclude these payments from Federal Income Tax Withholding. If the US does not have a tax treaty with the payee’s country of tax residence, or if the US does have a tax treaty, but the individual does not provide both the ITIN (or SSN) and a Form 8233 (Exemption from Withholding on Compensation for Independent (and certain dependent) Personal Services of a Nonresident Alien Individual) , then UCSF Accounts Payable must withhold 30% from the payment and remit to the IRS.

**List of Countries with Tax Treaties:** <http://www.ucop.edu/ucophome/cao/paycoord/treatychart.pdf> (Note: if a country is listed but has no treaty article cited, contact AP Travel & Customer Service Manager).

**Payment Options:** If withholding is required based on the information above, departments have the option of grossing up the payment, so that the tax is expensed to the University and the individual received the original amount. For example a \$250.00 honoraria payment would be grossed up to \$357.14 (net \$250 after 30% withheld). Departments should complete a check request, attach the required documents, per instructions below, and forward to Accounts Payable at Box 0812.

**Document Types:**

**Doc-A:** Proof of Visa Status or I-94 (I-94 is Arrive-Departure Document completed by Customs Agent when entering the US, Visa type is usually noted on this document)

**Doc-B:** Certificate of Academic Activity <http://www.ucop.edu/ucophome/cao/paycoord/coaa.pdf>

**Doc-C:** SSN or ITIN <http://www.irs.ustreas.gov/pub/irs-pdf/fw7.pdf>

**Doc-D:** IRS Form 8233, Exemption from Withholding (if treaty invoked)  
<http://www.ucop.edu/ucophome/cao/paycoord/ttform8233.pdf>

	Honoraria	Travel Expense Reimbursement
<b>Requirements</b>	<ul style="list-style-type: none"> <li>✓ Visa type B1, B2, WB, or WT (these visa types are acceptable, if other visa type is presented, contact AP Travel &amp; Customer Service Manager)</li> <li>✓ Usual academic activity not exceeding 9 days in duration.</li> <li>✓ Individual has not received honoraria from more than 5 educational institutions in the past 6 months.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Reasonable travel and/or incidental expenses incurred in connection with university activity.</li> <li>✓ G28 UCOP Travel Policy Compliant</li> </ul>

<p><b>Country with Tax Treaty</b></p> <p><b>List of countries with Tax Treaties:</b></p>	<p>Doc-A Doc-B Doc-C Doc-D</p> <p>➤ <b>No Withholding</b></p>	<p>Doc-A Doc-B</p> <p>➤ <b>Withhold 30%-Fed</b></p> <p>➤ <b>In some situations state withholding may be required</b></p>	<p>Doc-A Doc-B</p> <p>➤ <b>No Withholding</b></p>
<p><b>Country without Tax Treaty</b></p>	<p>Doc-A Doc-B Doc-C (if available)</p> <p>➤ <b>Withhold 30%-Fed</b></p> <p>➤ <b>In some situations state withholding may be required</b></p>	<p>Doc-A Doc-B</p> <p>➤ <b>No Withholding</b></p>	
<p><b>Exceptions</b></p>	<p>All exceptions must be approved by the Accounts Payable Manager, Payroll Manager, or Assistant Controller of Disbursement Accounting.</p>		

## FAQs

### ***What documentation will the payee receive showing the amount withheld?***

Post marked by March 15 of the following year, the payee (non employee, non resident alien) will receive a form 1042-S (similar to a 1099 for US residents) from Disbursement Accounting.

### ***What should the payee do if he/she wishes to pursue a refund from the IRS?***

After the payee has received the 1042-S form, it will then be up to the payee to complete a federal income tax return (1040NR). However, in most cases they will need to file for an ITIN first. The refund will be based on the individual's tax situation, total income, deductions, withheld tax, etc.

### ***What if the payee claims he/she does not have a Visa because it was not required?***

Review the I-94, Arrive-Department Customs Card to see if a Visa type was noted. Generally the Customers Agent will note the Visa type on the I-94 card. If not, contact AP Travel & Customer Service Manager.

### **Questions**

AP Service Desk	415-476-2126
AP Travel & Customer Service Manager	415-514-2886
AP Travel Supervisor	415-476-3656