

BSU Procedure for Foreign National Individual Payments

1. Foreign National must complete the BSU Foreign National Questionnaire.
2. Obtain copies of foreign national's Visa and Passport.
3. Submit Items 1 and 2 to the BSU Accounting Office for review and further guidance.
4. Accounting Office will review documents to find one of the following outcomes:

Finding #1

Foreign National possesses a Visa type that will not allow that individual to earn income in the United States. BSU will not be able to pay the foreign national income for services performed in the United States.

Finding #2

Foreign national has met the Substantial Presence Test and must be paid as a Resident Alien (RA).

- ◆ Individual must have a United States Individual Taxpayer Identification Number (US ITIN).
 - If no US ITIN one may be requested through International Programs – An IRS W-7 is completed by individual and submitted by BSU to the IRS. IRS alerts BSU when individual's US ITIN is created. (may take up to 6 months)
- ◆ Individual must complete and must sign an IRS W-9.
- ◆ Department should request payment on Payment Request Voucher or Foreign Cable Request. (US taxes will not be withheld)
- ◆ BSU will complete an IRS Form 1099 at year-end. One will be sent to the individual and the information will be reported to the IRS.

Finding #3

Foreign national is a resident of a country that does not have a treaty exemption with the United States, he/she does not meet the Substantial Presence Test. Foreign national is considered a Non-Resident Alien.

- ◆ Individual must complete an IRS W-8BEN Sections 1 & IV only, to document non US residency status.
- ◆ US federal taxes will be withheld from payment to individual at rate of 30%. Taxes will be remitted to the IRS.
- ◆ A US ITIN is not required, but necessary for the individual to file taxes in the US.
- ◆ BSU will complete an IRS Form 1042-S at year-end. One will be sent to the individual and the information will be reported to the IRS.

Finding #4

Foreign national is a resident of a country that does have a treaty exemption with the United States, he/she does not meet the Substantial Presence Test. Foreign national is considered a Non-Resident Alien. NRA chooses to claim the treaty exemption benefit.

- ◆ Individual must have a US ITIN to claim treaty exemption.
 - If no US ITIN one may be requested through International Programs – An IRS W-7 is completed by individual and submitted by BSU to the IRS. IRS alerts BSU when individual's US ITIN is created. (may take up to 6 months)
- ◆ Individual must complete an IRS Form 8233 and submit to the Accounting Office. It must include foreign original signature.
- ◆ The Form 8233 is mailed to the IRS. BSU must wait for 10 days for a negative confirmation from the IRS before payment may be made to the NRA.
- ◆ Department should request payment on Payment Request Voucher or Foreign Cable Request. (US taxes will not be withheld)
- ◆ BSU will complete an IRS Form 1042-S at year-end. One will be sent to the individual and the information will be reported to the IRS.