

Payments to Non-Resident Aliens



WILLIAM & MARY

CHARTERED 1693

Agenda

Tax Rules

Responsibilities

- **Department** - Requesting a Tax Analysis
- **NRA Payee** - Completing Sprintax Calculus and Submitting Support Documents
- **Payroll Office** - Overview of the Tax Analysis Process

Processing time

Challenges to the Process

Tax Rule – US Citizens

All payments, whether as an employee or as an independent contractor, are taxable unless specifically excluded by law.

Let's first Review US Citizens

Withholding and Reporting for US Citizens are as follows:

- (1) Wages - **at the time of payment** and reported on a *W-2 Form*
- (2) Others (independent contractors) are reported to the IRS via Form 1099, and any associated taxes are the **responsibility of the payee.**

Tax Rule- NRAs

For foreign nationals (NRA's) taxes on payments are withheld **at the time of payment** for both employees and contractors.

All payments to NRA's are considered taxable unless excluded by law either via Internal Revenue Code or an established Tax Treaty between the US and the tax residency country of the payee.

- Eligibility for Tax Treaty benefits is determined via tax analysis prepared by the Payroll Office utilizing **Sprintax Calculus** & information provided by the payee.
- Failure on behalf of the payee to complete **Calculus**, to submit requested documentation, or to provide a Social Security Number, will result in taxing payments at the highest allowable rate – contractors 30%, scholarships 14%.

Tax Rule - Services Performed Outside the United States

Payments made by William & Mary to Non-Resident Aliens for services performed outside the U.S. are not subject to federal income tax, withholding, or U.S. reporting obligations.

This exclusion only applies to individuals who are **not U.S. residents or citizens**. Services are considered "sourced" in the foreign country and are not subject to U.S. tax laws.

Departments must attach a signed ***Foreign Source Income Exclusion Statement*** to the BuyWM transaction to verify services were performed overseas.

Responsibilities - Department

1. Must contact the Payroll Office **prior** to making contractual arrangements with international guests or students.
2. Begin the process as soon as possible, submit your request for tax analysis as soon as you have received a signed contract from the payee.
3. Prior to committing to an honorarium for a foreign national, departments must ensure that the person has the appropriate visa that allows such a payment and obtain a signed Statement to Abide by the 9/5/6 Honorarium Rule.

Department Action Steps



Responsibilities - NRA Payee

To accurately report all immigration information, promptly respond to Payroll Office requests for supporting documentation and ensure timely submission of paperwork.

- The tax analysis process is complete once the payee/employee finishes Calculus, electronically signs the required documents, and uploads the necessary immigration documents.
- The payee must notify our office that they have completed the necessary steps by emailing us at foreignnationals@wm.edu.

NRA Payee Action Steps

The NRA payee receives an email from the Payroll Office with a unique link to the Sprintax Calculus secured site, which payee will need to create a password

The process consists of 6 steps -

1. Residency Information (*Immigration details*)
2. Personal Data (*Name, Address, Tax ID Number*)
3. Contact Details (*Local/Foreign Address*)
4. Tax Forms Info (*Type of Income, Previous Treaty Benefits*)
5. Payments (*Scholarship, Wages*)
6. Residency Summary (*Esign, Upload documents*)

Step 1 – Residency :

- *Visa*
- *Travel History*

[Your Details](#) [Final Summary](#) [Tax Forms](#) [Document Exchange](#)

Residency Information

Are you (or will you be) a citizen of the United States, Guam, Puerto Rico, The US Virgin Islands, American Samoa, or the CNMI by birth or by naturalization, on the last day of 2023? *

Yes No

Are you currently or will you be a Green Card holder on the last day of 2023? *

Yes No

Have you ever applied for US citizenship/ lawful residence? *

Yes No

Have you been present, or do you expect to be present in the US during 2023? *

Yes No

Did you or do you plan to stay in the US for less than 31 days in total in 2023? *

Yes No

When did you first enter the US? * [i](#)

08-30-2016 [📅](#)

What is your current immigration status? * [i](#)

F1 - Student [v](#)

What date did you first enter the US on this immigration status? *

08-30-2016 [📅](#)

What is the expiry date of your current immigration status? * [i](#)

05-30-2026 [📅](#)

Final departure date you left or intend to leave the US [i](#)

06-25-2025 [📅](#)

Country of Citizenship *

Canada [v](#)

Country of residence * [i](#)

Canada [v](#)

Passport number (from your current valid passport) *

██████████

Step 2 – Personal Data

- *Name*
- *DOB*
- *SSN*
- *Marital
Status*
- *Dependents*

The screenshot shows the 'Your Details' page on the Sprintax Calculus website. The page is divided into two main sections: 'Personal Information' and 'Tax Identification:'. On the left side, there is a sidebar with the Sprintax Calculus logo and a 'Progress:' section. The 'Progress:' section includes several items with checkmarks: 'Residency', '2 Personal data' (highlighted in a yellow box), 'Contact details', 'Tax Forms Info', 'Payments', 'Residency Summary', and 'Tax Treaties'. Below the progress section are three buttons: 'Live Chat', 'Contact Sprintax', and 'Contact your institution'. The 'Personal Information' section contains fields for 'First name *', 'Middle name', 'Surname/Last name *', 'Date of birth *', 'Place of birth' (set to 'China'), and 'City of birth' (set to 'Shanghai'). The 'Tax Identification:' section includes a question 'Do you have US TIN (SSN or ITIN) *' with 'Yes' selected, a field for 'Your US TIN (SSN or ITIN) *', 'TDS Demo 20 ID', 'Payroll system ID', 'Campus' (set to 'Seattle'), 'SEVIS ID', 'Program Type' (set to 'Research scholar'), and a field for 'What is your foreign (home country) tax identification number?'. All sensitive information is redacted with black boxes.

sprintax
calculus

Progress:

- Residency
- 2** **Personal data**
- Contact details
- Tax Forms Info
- Payments
- Residency Summary
- Tax Treaties

Need help?

- Live Chat
- Contact Sprintax
- Contact your institution

Your Details | Final Summary | Tax Forms | Document Exchange

Personal Information

First name *

Middle name

Surname/Last name *

Date of birth *

Place of birth

City of birth

Tax Identification:

Do you have US TIN (SSN or ITIN) * Yes No

Your US TIN (SSN or ITIN) *

TDS Demo 20 ID

Payroll system ID

Campus

SEVIS ID

Program Type

What is your foreign (home country) tax identification number?

Step 3 – Contact Details

- *Local Address*
- *Foreign Address*

The screenshot shows the Sprintax web interface for 'Step 3 – Contact Details'. The top navigation bar includes 'Your Details', 'Final Summary', 'Tax Forms', and 'Document Exchange'. A 'Please note' banner states: 'The Sprintax system only accepts English/Latin alphabets; letters.'

Your US Address

Address (Number, Street) [Redacted] Address (Apartment number) [Redacted]
Address (City) [Redacted] State [Redacted]
ZIP code [Redacted]

Your Home Address (Outside the US)

Address (Number, Street, Apartment number) * [Redacted] Address (County, Province) [Redacted]
Address (City) [Redacted] Country * [Redacted]
Postal code/zip code [Redacted]

Please choose your mailing address *
 US address Your Home Address (Outside the US)

Please choose your current residential address *
 US address Your Home Address (Outside the US)

US phone number [Redacted] Home country phone number [Redacted]

On the left sidebar, the 'Contact details' section is highlighted. Below it are buttons for 'Live Chat', 'Contact Sprintax', and 'Contact your institution'.

Step 4 – Tax Forms Info

- *Income Type*
- *Amount*

The screenshot shows the 'Tax Forms Info' section of the Sprintax Calculus interface. The user is Hanna Fox, and the current year is 2023. The page is titled 'Tax Forms Info' and includes a progress indicator on the left. The 'Tax Forms Info' section contains several questions and checkboxes:

- Progress:**
 - Residency (Warning icon)
 - Personal data (Checkmark)
 - Contact details (Checkmark)
 - 4 Tax Forms Info** (Selected, highlighted in green)
 - Payments (Checkmark)
- Need help?**
 - Live Chat
 - Contact Sprintax
 - Contact your institution
- Navigation:** Your Details, Final Summary, Tax Forms, Document Exchange
- Header:** Hanna Fox, Tax Forms Info (2022, 2023)
- Section:** Tax Forms Info
- Question 1:** Have you or do you expect to receive income (wages, scholarship, commissions, royalties, or other payments) from TDS Demo 20 in 2023? *
 Yes No
- Question 2:** Other royalties (for example, copyright, publishing, software, broadcasting, endorsement payments) (Income Code 12)
Tick "Other Royalties" if you received income for copyrights of literary, artistic, scientific works or for the use of software different to listed in "11 Motion picture or television copyright royalties"
Does not include patents and know-how.
- Question 3:** Scholarship or fellowship grants (Income Code 16) ⓘ
Do not tick this box if you are a recipient of a grant funded by your home country institution/organization. Select only if you receive grants from TDS Demo 20.
- Question 4:** Compensation for independent personal services (Income Code 17) ⓘ
- Question 5:** Compensation during studying and training (Income Code 20) ⓘ
- Question 6:** Other income (awards, prizes) (Income Code 23) ⓘ

Step 5 – Payments

- *Purpose*
- *Amount*

Total compensation you expect to be paid in wages and other similar payments from employment on- or off campus in the current tax year * ⓘ

\$ 4,000.00

Please, provide a short description of the employment you perform(ed) during your study or training

Part-time Teaching Assistant

Examples for acceptable descriptions
A nonresident alien student can enter "part-time library assistant," "part-time restaurant worker," or "teaching one chemistry course per semester to undergraduate students."
A nonresident alien business/vocational trainee can enter "neurosurgical residency at ABC Hospital" or "one-year internship in hydraulic engineering at XYZ Corporation."
A nonresident alien student working on-campus

Have you or will you receive a compensatory grant or fellowship for performing services on-campus as part of the scholarship grant? * ⓘ

Yes No

Have you or do you expect to receive compensation or a compensatory grant for study and training (wages, salaries, other employment income) from another U.S. employer (University/Company)? *

Yes No

Where is the activity covered by your scholarship grant performed? *

US/US territories Other Country

Note: Please, select whether the scholarship/grant you received or expect to receive is related to an activity you perform in or outside US.

Please, enter the expected amount of your scholarship paid during your study to cover living expenses (room and board) or other non-tuition-related expenses in the US * ⓘ

\$ 28,100.00

Step 6 – Residency Summary

- *Analysis Results*
- *Sign*
- *Upload documents*

sprintax
calculus

Progress:

- Residency
- Personal data
- Contact details
- Tax Forms Info
- Payments
- 6 Residency Summary**

Need help?

[Live Chat](#)

[Contact Sprintax](#)

Your Details | [Final Summary](#) | [Tax Forms](#) | [Document Exchange](#)

Residency Status

Status: Non-resident

[Redacted] is FJ - Student visa holder, with primary purpose: Student.

Exempt Individual for 2023 under 5-year lifetime rule.

Date of entry into the United States on this status: 11/11/2022

Date of expiry of this status: 11/11/2027

Days count for Substantial Presence Test (SPT):

2023: Exempt from SPT for 2023

2022: Exempt from SPT for 2022

2021: Outside US in 2021

Total number of non-exempt days in United States during 2023 for SPT: Exempt from SPT in 2023

[Redacted] does not meet the substantial presence test

[Redacted] is a non-resident for federal tax purposes for tax year 2023

[Redacted] residency starting date under I.R.C. § 7701(b) is 01/01/2025

Tax Years covered

2019: Exempt

2020: Exempt

2021: Outside the US

2022: Exempt

2023: Exempt

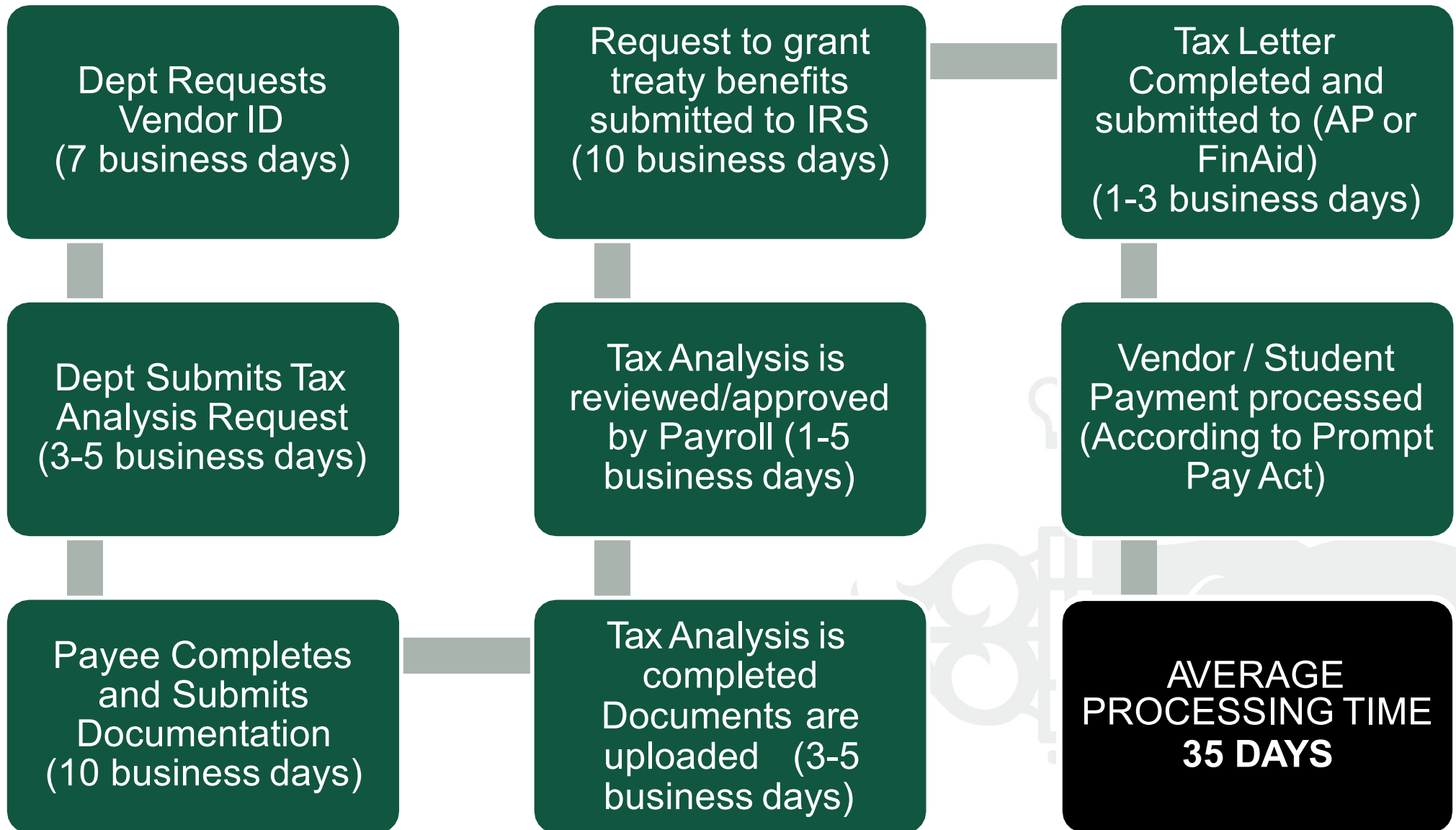
Responsibilities - Payroll Office

- Work with campus departments to aid identify Non-Resident Aliens who are receiving payments.
- Prepare and apply tax analysis based on information provided by NRA.
- Submit tax withholding to tax authorities.
- Conduct Campus Wide training.
- Support the University Community.

Payroll Action Steps for Tax Analysis

1. Receive request via DocuSign
2. Initial set-up in Calculus
3. Review to determine timely response by payee
4. Follow-up on those who have not responded
5. Receive notification of submission
6. Review information for accuracy
7. Contact payee in the event of missing information
8. Review/Approve information submitted
9. Submit original, signed Form 8233 to IRS
10. Calculate tax withholdings create journal entry, if required
11. Complete in DocuSign, copy to department
12. Approve in buyW&M , attach determination Accounts Payable (or spreadsheet to SFA)
13. Remit taxes withheld to IRS
14. Update records in system to create Form 1042-S

Timeline of NRA Process



Prompt Pay starts from the date the TAX LETTER is completed.

Sample Timeline of the NRA Process

NRA Payee – new to WM

- Treaty benefits - 35 business days
- No treaty benefits - 25 business days

NRA Payee – existing vendor

- Treaty benefits - 28 business days
- No treaty benefits - 18 business days

If the NRA payee does **NOT** have a Social Security Number (SSN), or an International Tax Identification Number (ITIN), the NRA is **automatically ineligible** for Treaty Benefits.

Calculus profile must still be completed and submitted, but the processing time for these payments is reduced. Payments without a SSN or ITIN are subject to the maximum withholding rate applicable to the payment type – **14% for scholarships** and **30% all other payments**.

DISCLAIMER

Processing times are subject to change and are solely dependent upon variables such as responsiveness of the department and payee, as well as the volume of requests received in Accounts Payable and Payroll.

Challenges to the Process

- Timing for the completion of the NRA process is highly dependent upon the timely completion of required information and submission of documentation on the part of the foreign national.
- In cases where the payee does not respond to our requests for information, Payroll will hold vendor payment requests for 14 days before closing the request for the analysis & submitting the documents to AP/SFA to prevent a backlog in the process.
- Failure to provide the requested information will result in payments being taxed at 30% withholding rate. (14% for scholarships)
- NRA employees who fail to submit documentation will be taxed as US citizens
- The University **cannot** refund taxes that have been withheld from a payee's check due to the failure to comply with requests for information or the late submission of required documentation.

Sprintax Calculus vs Sprintax Returns

Sprintax Calculus is a software used for tax determination for withholding purposes, during the tax year. The system automatically determines payee's residency status, tax treaty eligibility, and depending on the type of their income, the system produces relevant tax forms;

Sprintax Returns is a software used for the preparation of the tax returns – federal and state, if applicable. The system produces tax returns and applies all applicable deductions and credits along with the required schedules.

Questions and Answers

Contact Information:

- Foreign Nationals email foreignnationals@wm.edu
- Tax Analysis Requests/NRA Specialist
 - Anjella Russell avrussell@wm.edu
- Director Payroll Operations and Tax Services
 - Simonne Vance smvance@wm.edu