Payments to Non-Resident Aliens

When a department is contemplating hiring an individual to perform services, whether for wages as an employee, as an independent contractor, as a guest lecturer or speaker, or in some other status, it must first determine whether the individual is legally authorized to work in the United States. It is especially important that departments confirm that the individual is authorized to work in the United States under immigration laws before any individual performs services for Dickinson College (the “College”). This determination generally is made in connection with Human Resource Services using Form I-9 (or the Student and Exchange Visitor Information System (SEVIS) documentation for foreign students and overseas assistants maintained by Global Education).

Prior to making any financial commitment to an individual who is not a citizen, legal permanent resident of the United States, or refugee, departments must contact the Director of Global and Sponsored Programs Accounting to understand the tax withholding and reporting requirements.

- Generally, payments made to non-resident aliens are subject to a withholding tax of 30% (14% for unqualified scholarships, grant and fellowship payments to J-1 and F-1 visa holders), unless a tax treaty exists between the U.S. and the country of citizenship of the non-resident alien. Tax treaties may reduce or eliminate the withholding requirement. In order to take advantage of a tax treaty, the non-resident alien must have a valid Social Security Number (SSN) or Individual Tax Identification Number (ITIN) and must complete Form 8233, Exemption From Withholding on Compensation for Independent (and Certain Dependent) Personal Services of a Nonresident Alien Individual. By law, the College must submit Form 8233 to the IRS at least ten days prior to the date of payment.
- The IRS will issue an ITIN to an alien who does not have and is not eligible to get a SSN. An ITIN is for tax purposes only. The Office of Global Education assists foreign students, employees and other visitors with the necessary paperwork, including identification of the proper visa status to work and application for a SSN or ITIN.

The College is responsible for non-resident alien reporting to the IRS via Form 1042, Annual Withholding Tax Return for U.S. Source Income of Foreign Persons, and Form 1042-S, Foreign Person’s U.S. Source Income Subject to Withholding. Tax return software is made available to non-resident aliens to assist with the preparation of their year-end tax returns.

Related Information

Global Education (Academic)
Student Employment: Overview (Student Resources)
Hiring Procedures (HR)
Petty Cash
Payments to Students
Worker Classification and Payment
Rent-Free Housing Provided by the College
Taxation of Gifts, Prizes and Awards to Employees

**History/Revision Information**

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**Effective Date:**

**Last Amended Date:** October 2012

**Next Review Date:** June 2015

**Also Found In:**