

SYS 238-2: Requirements for Payments to Nonresident Aliens

This is a checklist of documents required to be attached to the Payment to Individual Report (PIR) for different types of payments to foreign nationals. For more information, refer to the UW-Madison [Tax Related Documents Flowchart](#).

Payment for Services (Account Code 2620, 2621, 3840, 3845, etc.)

This type of payment requires that the foreign national enter the U.S. as a J-1 scholar. (For Canadian citizens, a TN visa is also acceptable.) Arrangements must be made several weeks in advance with the international program office on campus in order to ensure that the visitor can obtain the J-1 visa.

Forms to attach to the PIR:

- Copy of original passport picture page (national ID)
- Visa or Visa Waiver
- DS-2019
- I-94
- IRS Form W-8BEN, Certificate of Foreign Status with SSN or ITIN
- IRS Form W-7, Application for Individual Taxpayer Identification Number (ITIN) if person does not have a U.S. Social Security number (SSN) or ITIN. The individual must apply for ITIN in person at an IRS office or at various locations at UW-Madison (call 608/262-0582 for more information) by presenting Form W-7 along with the proper documentation. (See instructions accompanying Form W-7.) A copy of this form should be attached to the PIR.
- Form 8233, Exemption from Withholding on Compensation, if tax treaty exemption applies. The 8233 Form must be filled out completely, including Treaty Article information. In the "Taxpayer Identification Number" blank, fill in U.S. SSN or ITIN, if available. If individual has applied for ITIN, fill in "ITIN applied for see attached W-7" and attach a copy of the W-7. If individual does not have a SSN or ITIN and has not applied for an ITIN, the individual cannot receive payment.

Travel Reimbursement (Account Code 2162)

This type of payment requires that the visiting foreign national enter the U.S. on a B-1 visa or WB visa waiver. Reimbursements may also be paid to persons on J-1, F-1, TN and H-1B visas. (UW need not be the sponsor.) Canadian citizens only may be reimbursed for travel expenses without a visa. If visitor has entered the U.S. as a tourist with B-2 visa or WT visa waiver, the UW cannot make any payments to the visitor or on behalf of the visitor.

Forms to attach to PIR:

- Copy of original passport picture page (national ID)
- Visa or Visa Waiver
- I-94 (must have “B-1, WB, J-1, H-1B, F-1, or TN” designation)
- DS-2019 (for J-1 traveler)
- I-797 (for H-1B traveler)
- I-20 (for F-1 traveler)
- Travel receipts

Scholarships, Fellowships (Account Code 5714):

Payments to nonresident aliens to further their education, which do not have a service requirement and do not represent compensation for services to the university, are scholarship/fellowship aid/support payments. Payments of this type which do not pay for qualified expenses (qualified scholarships) are 1042-S reportable and normally subject to 14% federal tax withholding. The 14% rate applies to visitors in F, J, M, or Q immigration status. These payments will flow through the [Payroll and Glacier systems](#).

Academic Prizes and Awards (Account Code 3750)

Recipient must have F-1 or J-1 visa. Tax must be withheld at 30% on all prizes and awards. Treaties do not exempt or reduce withholding for this type of payment.

Forms to attach to PIR:

- Copy of original passport picture page (national ID)
- Visa or Visa Waiver
- I-94
- DS-2019 for J-1
- I-20 for F-1
- IRS Form W-8BEN, Certificate of Foreign Status, with SSN or ITIN or copy of W-7 for individuals who have applied for ITIN

Research Subjects (Account Code 2637)

Research subjects should be either F-1 or J-1 visa holders.

Forms to attach to PIR:

- Copy of original passport picture page (national ID)
- Visa or Visa Waiver
- I-94
- DS-2019 for J-1
- I-20 for F-1
- IRS Form W-BEN, Certificate of Foreign Status, with SSN or ITIN or copy of W-7 for individuals who have applied for ITIN

Reporting Requirements

Form 1042S

Each processing center will report all payments for services to nonresident aliens and applicable withholding on IRS Form 1042S. These payments are reported to the Internal Revenue Services by the UW Service Center.

Withholding Requirements

Non-U.S. Resident Aliens

The appropriate tax will be withheld based on IRS Section 1441 and existing tax treaties. Withholding is required at 30% (less prorated personal exemption amount) on payments for services unless:

- a. income is non-U.S. Source,
- b. payment is effectively connected with a U.S. trade or business and individual has filed Form W-8ECI, or
- c. income is partially or totally exempt or subject to a reduced withholding rate due to a tax treaty and individual has filed Form 8233 to claim the exemption or reduced rate.
- d. Income is subject to a reduced withholding rate (14%) by IRS Code for scholarships/fellowships for F-1 and J-1 visa holders. Tax reportable scholarships/fellowships to NRAs are processed through the Payroll and Glacier systems.