
NONRESIDENT ALIEN CONSULTANT, CONTRACTOR, SCHOLARSHIP AND FELLOWSHIP PAYMENTS

Scope: All campuses served by Louisiana State University (LSU) Office of Accounting Services

Effective: July 1, 2022. This FASOP supersedes and replaces BOP 2-1.

Purpose: To establish procedures for processing payments to nonresident aliens, including consultant/contractor payments, visiting scholar payments and expenses, and scholarship and fellowship payments to nonresident alien students to ensure compliance with federal law, Immigration and Naturalization Service (INS) laws and Internal Revenue Service (IRS) requirements. These procedures do not apply to payroll compensation of nonresident aliens appointed at LSU.

Procedures:

A. Eligibility to Receive Compensation

Schools and departments in the LSU System have historically invited international speakers and scholars to participate in conferences, assist in research or provide lectures to students in exchange for the reimbursement of travel and per diem expenses. United States (U.S.) income tax laws preclude the University making the agreed upon reimbursement to nonresident alien international visitors not in certain prescribed visa categories. LSU supports visits by foreign scholars and the University recognizes the need for an international exchange of knowledge. It is this exchange that continues to challenge and broaden the horizons of both students and faculty. The University administration is in full support of this effort and will provide any assistance necessary to faculty in accomplishing this end. The University must, however, extend its support to include educating the University community to comply with the federal and state laws applicable to payments to nonresident alien visitors.

Additional documentation may be required depending on:

1. Visa classification
2. Purpose of the payment
3. Whether or not visitor requests exemption from tax withholding
4. Institution sponsoring visitor (LSU or another institution)
5. Whether a fee is involved in place or in addition to reimbursement expenses

Note: Refer to Section H, •Summary of Payment Procedure for Various Visa ClassificationsŽ

C. Social Security Number (SSN) or Individual Tax Identification Number (ITIN)

- c. Income subject to the withholding requirement includes the taxable portion of scholarships, fellowships, stipends, and travel expenses. The taxable portion of scholarships includes housing and meal plan exemptions/payments and ca

approved by LSU prior to the payment request, the appropriate taxes will be withheld from the payment and remitted to the IRS depository account. If, after the fact, the nonresident wishes to claim tax treaty benefits, he/she must apply for a refund through the IRS. No other method is available to reimburse taxes previously withheld from an international visitor.

F. Withholding Rates

| Rate | Recipient |
|------|---|
| 14% | Applicable to full-time students who are degree candidates at an educational institution and are considered temporarily present in the U.S. as a non-immigrant under an F, J, M or Q visa. |
| 30% | All other nonresident individuals, including teachers and researchers and students not on an F, J, M or Q visa, who are in U.S. on a visa type allowing them to earn money; also applies to international recipients of royalty income. |

G. Exceptions to Withholding Requirements

Nonresident aliens may be entitled to a reduced withholding rates or complete exemption from withholding under an applicable tax treaty between the U.S. and the nonresident alien's country of residence if one has already been assigned by the IRS.

IRS Form W-8BEN to claim reduced withholding or exemption from withholding on income received in the U.S., except for compensation received for independent personal services. To be filed by internationals claiming tax treaty benefits for royalty income received, rents, scholarships and any other income not connected with professional personal services.

IRS Form 8233 to claim reduced withholding or exemption from withholding on income received in the U.S. for providing independent personal services (fees paid for presenting papers and professional services) in the U.S. (services provided by an international are not subject to tax withholding and reporting, therefore no tax treaty must be obtained).

H. Summary of Payment Procedure by Various Visa Classifications

1. B-1 (Visitor for Business), B-2 (Visitor for Tourism), W-B (Visa Waiver for Business) and W-T (Visa Waiver for Tourism) Visas

a. Payments Allowed

Fee for services is allowed if all of the following conditions are met:

- International visitor is engaged in academic activities
- Visitor is not present at LSU for more than nine days
- Visitor has not accepted a fee or expense reimbursement from more than five institutions in the previous six months

b. Expense Reimbursement

- Must meet conditions required above if a fee is also paid
- If expense reimbursement is only paid, the conditions above do not apply but all expenses must be in compliance with PM-13, University Travel Regulations.

c. Documentation Requirements

Must attach all of the following:

- Copy of INS Form I-94
- Visa for B-1
- Signed compliance statement (available on website and as attachment to this procedure)
- Copy of SSN or ITIN card if paying fee
- All receipts required by PM-13, University Travel Regulations; a copy of the passenger coupon of the airline ticket will be accepted in lieu of the original airline coupon

d. Taxes Withheld

- Taxes are not withheld for reimbursement of expenses
- Taxes at the rate of 30% will be withheld unless visitor claims tax treaty benefits

Tax reduction due to tax treaty: to request an exemption from or a reduction in tax withholding due to an income tax treaty, the international visitor must complete and submit IRS Form 8233 to the AP & Travel Office.

2. F-1 Visa (Student)

a. Payments Allowed

- Scholarships, awards, tuition and fee exemptions, expense reimbursements

b. Expense Reimbursement

- All expenses reimbursed must be in compliance with PM-13, University Travel Regulations
- Expenses incurred on official business for the University are not subject to withholding or reporting as they are eligible for exemption under the "accountable plan"
- Expenses reimbursed in conjunction with a scholarship are not exempt from withholding as the IRS has not extended the "accountable plan" to scholarships

c. Taxes Withheld

- Taxes are not withheld for reimbursement of expenses incurred on official University business
- Taxes at the rate of 30% will be withheld on travel expenses incurred in conjunction with a scholarship unless the student claims tax treaty benefits

Tax reduction due to tax treaty: to request an exemption from or a reduction in tax withholding due to an income tax treaty, the international student must complete and submit IRS Form W-8BEN to the AP & Travel Office.

3. F-2 Dependent of F-1 Visa

a. Payments Allowed

- No payment or expense reimbursement allowed

4. H1-B Visa ... Sponsored by LSU

a. Payments Allowed

- Expense reimbursement only for non-employees
- Expense reimbursement for employee travel expenses incurred on official University business. Fees for service may be paid only as an employee through Payroll.

b. Expense Reimbursement

- All expenses reimbursed must be in compliance with PM-13, University Travel Regulations

c. Documentation Requirements

Non-employees must provide:

- Copy of I-94 stamped with H1-B status
- Copy of passport
- All receipts required by PM-13, University Travel Regulations; a copy of the passenger coupon of the airline ticket will be accepted in lieu of the original airline coupon
- An SSN or ITIN is not required for H1-B visitors receiving expense reimbursement only

d. Taxes Withheld

- Taxes are not withheld for reimbursement of expenses

5. H1-B Visa, Temporary Worker in a Specialty Occupation (Sponsored by a school other than LSU)

a. Payments Allowed

- No payment of any kind. INS allow employment and compensation only by the sponsoring employer through whom the status was obtained in an activity in accordance with the provisions of the treaty. Departments must make arrangements to pay the sponsoring university as H1-B visitors are only allowed to receive payments from their sponsor.

6. J-1 Visa (Exchange Visitor, Short Term Scholar) ... Sponsored by LSU

a. Payments Allowed

- Expense reimbursement and fees for services

b. Documentation Requirements

Must attach all of the following:

- Copy of INS Form I-94

- Copy of passport
- Visa with J-1 stamped
- Copy of Form DS2019 indicating shortterm scholar, professor or researcher
- Copy of SSN or ITIN card if paying a fee
- All receipts required by PM-13, University Travel Regulations; a copy of the passenger coupon of the airline ticket will be accepted in lieu of the original airline coupon

c. Taxes Withheld

- Taxes are not withheld for reimbursement of expenses
- Taxes at the rate of 30% will

d. Taxes Withheld

- Taxes are not withheld for reimbursement of expenses
- Taxes at the rate of 30% will be withheld from fees unless visitor claims tax treaty benefits

Tax reduction due to tax treaty: to request an exemption from or a reduction in tax withholding due to an income tax treaty, the international visitor must complete and submit IRS Form 8233 to the AP & Travel Office.

8. O-1 (Person of Extraordinary Ability) and O-2 (Accompanying Personnel) Visas

a. Payments Allowed

- Fees for services and/or expense reimbursement only by the petitioning agency through whom the visa status was obtained

b. Expense Reimbursement

- All expenses reimbursed must be in compliance with PM-13, University Travel Regulations; expenses may only be reimbursed if LSU is the sponsoring agency

c. Documentation Requirements

All non-employees must provide:

- Copy of I-94 stamped with O-1 or O-2 status
- Copy of passport
- Copy of INS Form I-797
- All receipts required by PM-13, University Travel Regulations; a copy of the passenger coupon of the airline ticket will be accepted in lieu of the original airline coupon
- An SSN or ITIN is not required for O-visitors receiving expense reimbursement only

d. Taxes Withheld

- Taxes are not withheld on reimbursement of expenses
- Taxes are withheld at the rate of 30%

Tax reduction due to tax treaty - to request an exemption from or a reduction in tax withholding due to an income tax treaty, the international visitor must complete and submit IRS Form 8233 to the AP & Travel Office.

9. P-1 (Internationally Recognized Athlete or Entertainment Group or Essential Support Personnel), P-2 (Artist or Entertainer under a Reciprocal Exchange Program), P-3 (Artist or Entertainer in a Culturally Unique Program) Visas

a. Payments Allowed

- Expense reimbursement and fees for service are only allowed if LSU was the petitioning agency through which the visa status was obtained for the international

b. Expense Reimbursement

- All expenses reimbursed must be in compliance with PM-13, University Travel Regulations

c. Documentation Requirements

All non-employees must provide:

- Copy of I-94 stamped with P-1, P-2, or P-3 status
- Copy of passport
- Copy of INS Form I-797
- All receipts required by PM-13, University Travel Regulations; a copy of the passenger coupon of the airline ticket will be accepted in lieu of the original airline coupon
- An SSN or ITIN is not required for O visitors receiving expense reimbursements only

d. Taxes Withheld

- Taxes are not withheld on reimbursement of expenses
- Taxes are withheld at the rate of 30%

Tax reduction due to tax treaty - to request an exemption from or a reduction in tax withholding due to an income tax treaty, the international visitor must complete and submit IRS Form 8233 to the AP & Travel Office.

10. Q Status Visa (Participant in an International Cultural Exchange Program)

Individuals in the U.S. as participants in an international cultural exchange visitor program approved by the Attorney General to provide practical training, employment, and the sharing of the history, culture, and traditions of the foreign national's country (•Disney VisaŽ).

a. Payments Allowed

- Expense reimbursement and fees for service are only allowed if LSU was the petitioning agency through which the visa status was obtained for the international visitor.

b. Expense Reimbursement

- All expenses reimbursed must be in compliance with PM-13, University Travel Regulations.

c. Documentation Requirements

All non-employees must provide:

- Copy of I-94 stamped with Q status

- Copy of passport
- Copy of INS Form I-797 indicating that LSU is the sponsoring agency
- All receipts required by PM-13, University Travel Regulations; a copy of the passenger coupon of the airline ticket will be accepted in lieu of the original airline coupon
- An SSN or ITIN is not required for visitors receiving expense reimbursement only

d. Taxes Withheld

- Taxes are not withheld on reimbursement of expenses
- Taxes are withheld at the rate of 30%

Tax reduction due to tax treaty - to request an exemption from or a reduction in tax withholding due to an income tax treaty, the international visitor must complete and submit IRS Form 8233 to the AP & Travel Office.

11. TN Status Visa (Trade NAFTA for Citizens of Canada and Mexico) ... Sponsored by LSU

a. Payments Allowed

- Expense reimbursement only for non-employees
- Expense reimbursement for employee travel expenses incurred on official university business
- Fees for service may be paid only as an employee through Payroll

b. Expense Reimbursement

- All expenses reimbursed must be in compliance with PM-13, University Travel Regulations

c. Documentation Requirements

Non-employees must provide:

- Copy of I-94 stamped with TN status
- Copy of passport
- All receipts required by PM-13, University Travel Regulations; a copy of the passenger coupon of the airline ticket will be accepted in lieu of the original airline coupon
- An SSN or ITIN is not required for TN visitors receiving expense reimbursement only

12. TN Status Visa (Trade NAFTA for Citizens of Canada and Mexico) - Sponsored by a school other than LSU

a. Payments Allowed

- No payment of any kind. INS allow employment and compensation only by the sponsoring employer through whom the status was obtained in an activity in accordance

with the provisions of the treaty. Departments must make arrangements to pay the sponsoring university as TN and H1-B visitors ~~are~~ only allowed to receive payments from their sponsor.