

Payments to Non-Resident Aliens



WILLIAM & MARY

CHARTERED 1693

Agenda

- Payment Taxation
- Responsibilities
 - Department - Requesting a Tax Analysis
 - NRA Payee - Completing TDS and Support Documents
 - Payroll Office - Overview of the Tax Analysis Process
- Processing time
- Challenges to the Process

Payment Taxation

All payments (either as an employee or as an independent contractor) are considered taxable ***unless*** excluded by law.

- For US citizens, taxes are withheld 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.**

Payment Taxation

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 the **Tax Determination System (TDS)** & information provided by the payee.
- Failure on behalf of the payee to complete **TDS**, 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%.

Department Responsibilities

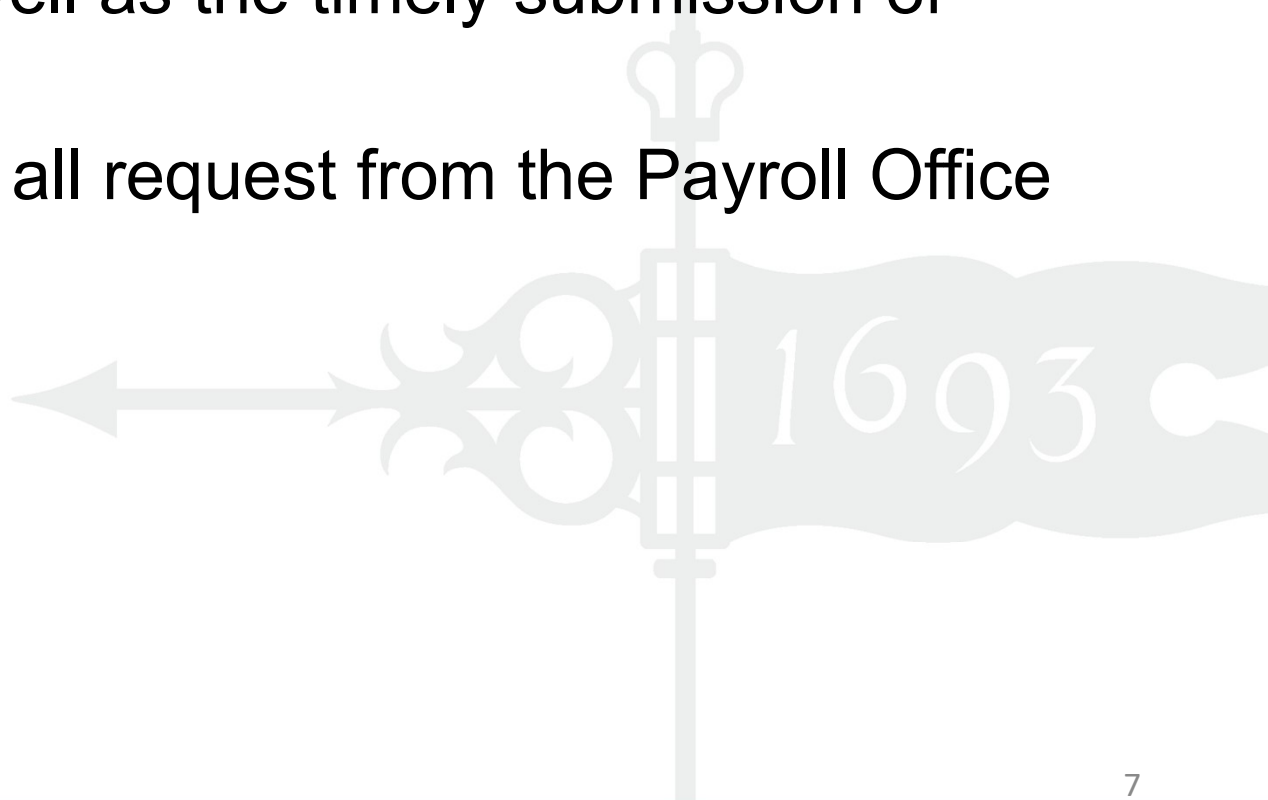
- Must contact the Payroll Office **prior** to making contractual arrangements with international guest or students;
- Begin the process as soon as possible, submit your request for analysis as soon as you have received a signed contract from the payee

Steps to be completed by Department

1. Request a Tax Analysis by submitting a request via DocuSign: **Request for Tax Analysis - Non- Resident Alien.**
2. Notify the payee that they will be receiving an email from our office with a link to the Tax Determination System (TDS) where they can securely enter their immigration information for analysis.
3. AND verify if vendor is active in Banner, if not, submit your request to apvendors@wm.edu along with a completed Form W-8BEN **at the same time** you submit the request for a tax analysis via DocuSign. The only exception are WM active students (no longer required).

Payee/Employee Responsibilities

- To accurately report all immigration information, respond to requests of the Payroll Office for supporting documentation, as well as the timely submission of paperwork;
- To timely respond to all request from the Payroll Office



Payee must provide Immigration Information

The NRA payee receives an email from the Payroll Office with a link to the TDS secured site, along with their username and password.

The TDS 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*

The screenshot shows the Sprintax website interface. The top navigation bar includes links for Home, About Us, Contact Us, Policies, FAQ, Help, and Sign Out. The main header area has tabs for 'Your Details', 'TDS Summary', 'Tax Forms', and 'Document Exchange', with 'Your Details' selected. Below the header, a green progress bar indicates the current step, and the year '2022' is displayed. The 'Details' sidebar on the left lists various sections with checkmarks: Residency, Personal data, Contact details, Tax Forms Info, Payments, and Residency Summary. It also provides contact information for TDS Support (TDS@sprintax.com) and a contact person, Josie Cohen (jacohen@wm.edu). A 'Live Chat' button is at the bottom of the sidebar. The main content area is titled 'RESIDENCY' and asks the user to answer questions around their US residency information. The first section is 'Residency Information', which includes five questions with radio button options for Yes or No. The questions are: 1. 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 2022? (No is selected). 2. Are you currently or will you be, a Green Card holder on the last day of 2022? (No is selected). 3. Have you ever applied for US citizenship/ lawful residence? (No is selected). 4. Have you been present or do you expect to be present in the US during 2022? (Yes is selected). 5. Did you or do you plan to stay in the U.S. for less than 31 days in total in 2022? (No is selected). At the bottom, there are two input fields: 'When did you first enter the US?' (with a calendar icon) and 'What is your current immigration status?' (with a dropdown menu showing 'F1 - Student').

sprintax

Home About Us Contact Us Policies FAQ Help Sign Out

Details

- ✓ Residency
- ✓ Personal data
- ✓ Contact details
- ✓ Tax Forms Info
- ✓ Payments
- ✓ Residency Summary

CONTACT TDS SUPPORT
TDS@sprintax.com

CONTACT YOUR INSTITUTION
Josie Cohen
jacohen@wm.edu

Grenda Janot
bcjanot@wm.edu

Live Chat

2022

RESIDENCY

Please answer the following questions around your US residency information

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 2022? *

☐ Yes
☒ No

Are you currently or will you be, a Green Card holder on the last day of 2022? *

☐ 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 2022? *

☒ Yes
☐ No

Did you or do you plan to stay in the U.S. for less than 31 days in total in 2022? *

☐ Yes
☒ No

When did you first enter the US? *

What is your current immigration status? *

F1 - Student

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

What is the expiry date of your current immigration status? *

Step 2 – Personal Data

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

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Details

- ✓ Residency
- ✓ Personal data
- ✓ Contact details
- ✓ Tax Forms Info
- ✓ Payments
- ✓ Residency Summary

CONTACT TDS SUPPORT
TDS@sprintax.com

CONTACT YOUR INSTITUTION
Jiajie Cohen
jcohen@wm.edu

Zrenda Jenot
zjenot@wm.edu

Live Chat

2022

PERSONAL INFORMATION

Personal Information

First name *
Zouzi

Middle name

Summa/Last name *
Qi

Date of birth *
05-16-1996

Place of birth
China

City of birth
Nanjing

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

Your US TIN (SSN or ITIN) *

Student number

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

If you don't have a foreign tax identification number you can enter your national identification number which appears on your national ID card, or any unique number in your home country you are identified by.

Are you a full time student or scholar in a US educational institution? *
☒ Yes
☐ No

Are you a degree candidate in a US educational institution? *
☒ Yes
☐ No

Are you OPT/CPT program participant? *
☐ Yes
☒ No

Step 3 – Contact Details

- *Local Address*
- *Foreign Address*

The screenshot displays the Sprintax website interface. On the left is a sidebar with the 'sprintax' logo, a 'Details' section with a checklist of items (Residency, Personal data, Contact details, Tax Forms info, Payments, Residency Summary), and contact information for TOS support and a live chat button. The main content area is titled 'YOUR CONTACT DETAILS' and includes a note about the system's language requirements. It features two main sections: 'Your US Address' and 'Your Home Address (Outside the US)'. Each section has input fields for address components like street, city, state/province, and postal code. Below these, there are radio button options to select the mailing and current residential address. At the bottom, there are fields for US and home country phone numbers, and 'BACK' and 'SAVE AND CONTINUE' buttons.

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Home About Us Contact Us Policies FAQ Help Sign Out

Details

- ✓ Residency
- ✓ Personal data
- ✓ Contact details
- ✓ Tax Forms info
- ✓ Payments
- ✓ Residency Summary

CONTACT TOS SUPPORT
TOS@sprintax.com

CONTACT YOUR INSTITUTION
Joelle Cohen
jcocoh@wm.edu

Brenda Jenot
bjjenot@wm.edu

Live Chat

2022

YOUR CONTACT DETAILS

Note: Please note that the Sprintax system only accepts English/Latin alphabet letters.

Your US Address

Address (Number, Street)
[Redacted]

Address (Apartment number)

Address (City)
Williamsburg

State
Virginia

ZIP code
23185

Your Home Address (Outside the US)

Address (Number, Street, Apartment number)
[Redacted]

Address (Country, Province)

Address (City)
Nanjing

Country
China

Postal code/Zip code
210007

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

BACK SAVE AND CONTINUE

Step 4 – Tax Forms Info

- *Income Type*
- *Amount*

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Home About Us Contact Us Policies FAQ Help Sign Out

Details

- ✓ Residency
- ✓ Personal data
- ✓ Contact details
- ✓ Tax Forms Info
- ✓ Payments
- ✓ Residency Summary

CONTACT TDS SUPPORT
TDS@sprintax.com

CONTACT YOUR INSTITUTION
Josie Cohen
jcohen@wm.edu

Brenda Janet
bjanet@wm.edu

Live Chat

Your Details TDS Summary Tax Forms Document Exchange

2022

TAX FORMS INFO

Tax Forms Info

Do you have US income (wages, scholarships, or other payments) in 2022? *

☒ Yes
☐ No

☒ Scholarship or fellowship grants (Income Code 16) i

☒ Compensation for independent personal services (Income Code 17) i

☒ Compensation during studying and training (Income Code 20) i

☒ Other income (awards, prizes) (Income Code 23) i

How many days you stayed or intend to stay during 2022? *

180

Do you have your own office, place of business in the U.S., that is maintained by you personally for performing these services? *

☐ Yes
☒ No

Are you legally allowed to work? *

☐ Yes
☐ No

Sex *

☒ Male
☐ Female

Where are the independent services being performed? *

☒ US/US territories
☐ Other Country

Please, complete in the field below ONLY income received as an F1 - Student, an M1 - Student, an J1 - Intern/Trainee, a J1 - Physician Intern/Trainee, or a Q1/Q2 - Intern/Trainee

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

\$ 0.00

Note: Enter an estimated amount if you do not know the exact amount.

Step 5 – Payments

- *Purpose*
- *Amount*

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Details

- ✓ Residency
- ✓ Personal data
- ✓ Contact details
- ✓ Tax Forms Info
- ✓ Payments
- ✓ Residency Summary

CONTACT TDS SUPPORT
TDS@sprintax.com

CONTACT YOUR INSTITUTION
Jocole Cohen
jcohen@wm.edu

Shonda Jenot
sjenot@wm.edu

Live Chat

Your Details TDS Summary Tax Forms Document Exchange

Zouzi Qi
2022

PAYMENTS

✍ Scholarship & Grant (Income code 16)

Payer's name
The College of William & Mary

Purpose of your scholarship/grant
Please, enter below the part of your scholarship payment granted towards:

- ☐ Tuition, Qualified Education Expenses
- ☐ Educational Materials, Qualified Education Expenses
- ☐ Housing Allowance, Non-qualified Education Expenses
- ☐ Other, Non-qualified Education Expenses
- ☐ Stipend, Non-qualified Education Expenses
- ☐ Health Insurance, Non-qualified Education Expenses
- ☐ Travel, Non-qualified Education Expenses
- ☐ Taxes, Non-qualified Education Expenses
- ☐ Professional Development, Non-qualified Education Expenses
- ☐ Cultural Development, Non-qualified Education Expenses
- ☐ Compensatory scholarship (for working while on F1, J1 or M1 student visa, on-campus or taking classes)

✍ Compensation during studying and training (Income code 20)

Payer's name
The College of William & Mary

Amount \$
\$ 0.00

✍ Compensation for independent personal services (Income code 17):

Payer's name
The College of William & Mary

Gross Amount \$
\$ 0.00

✍ Other income (awards, prizes):

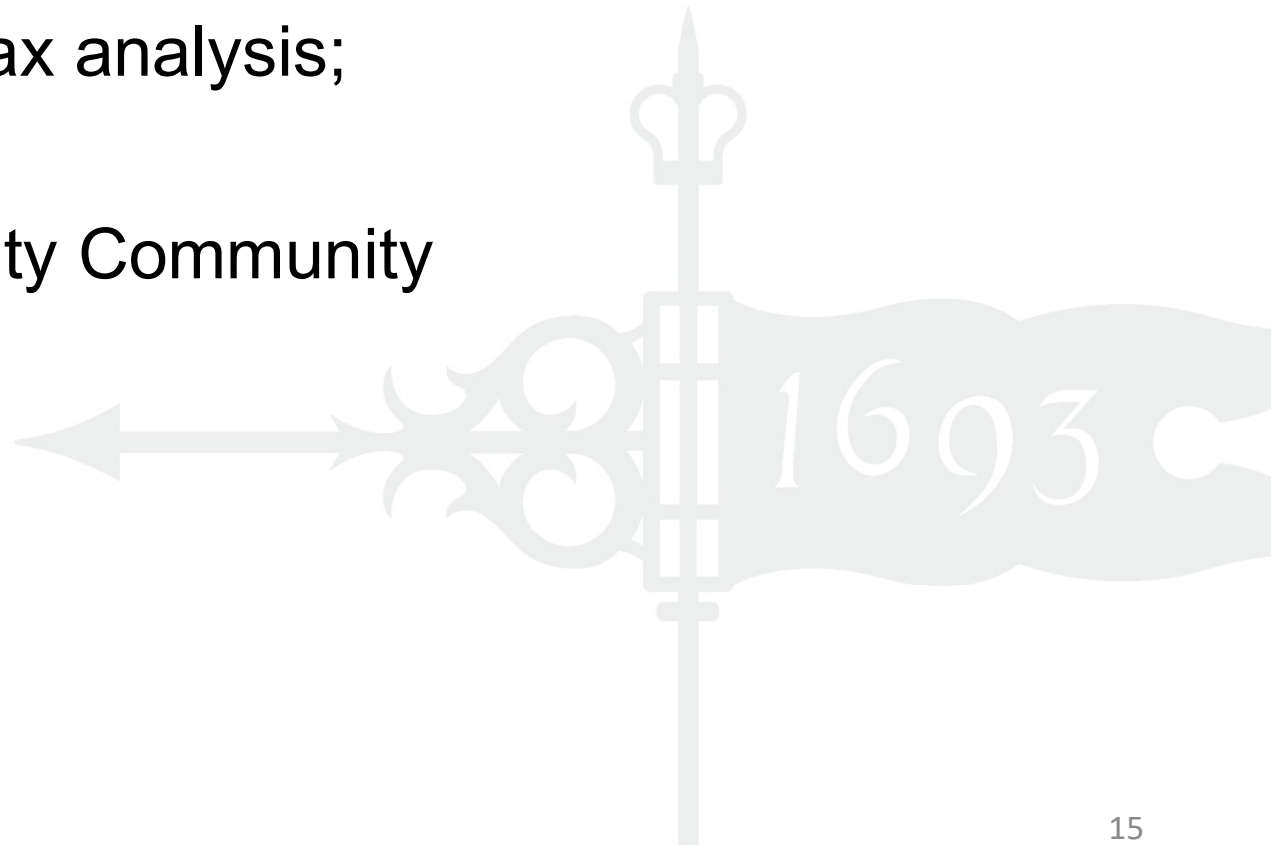
Step 6 – Residency Summary

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

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Payroll Office Responsibilities

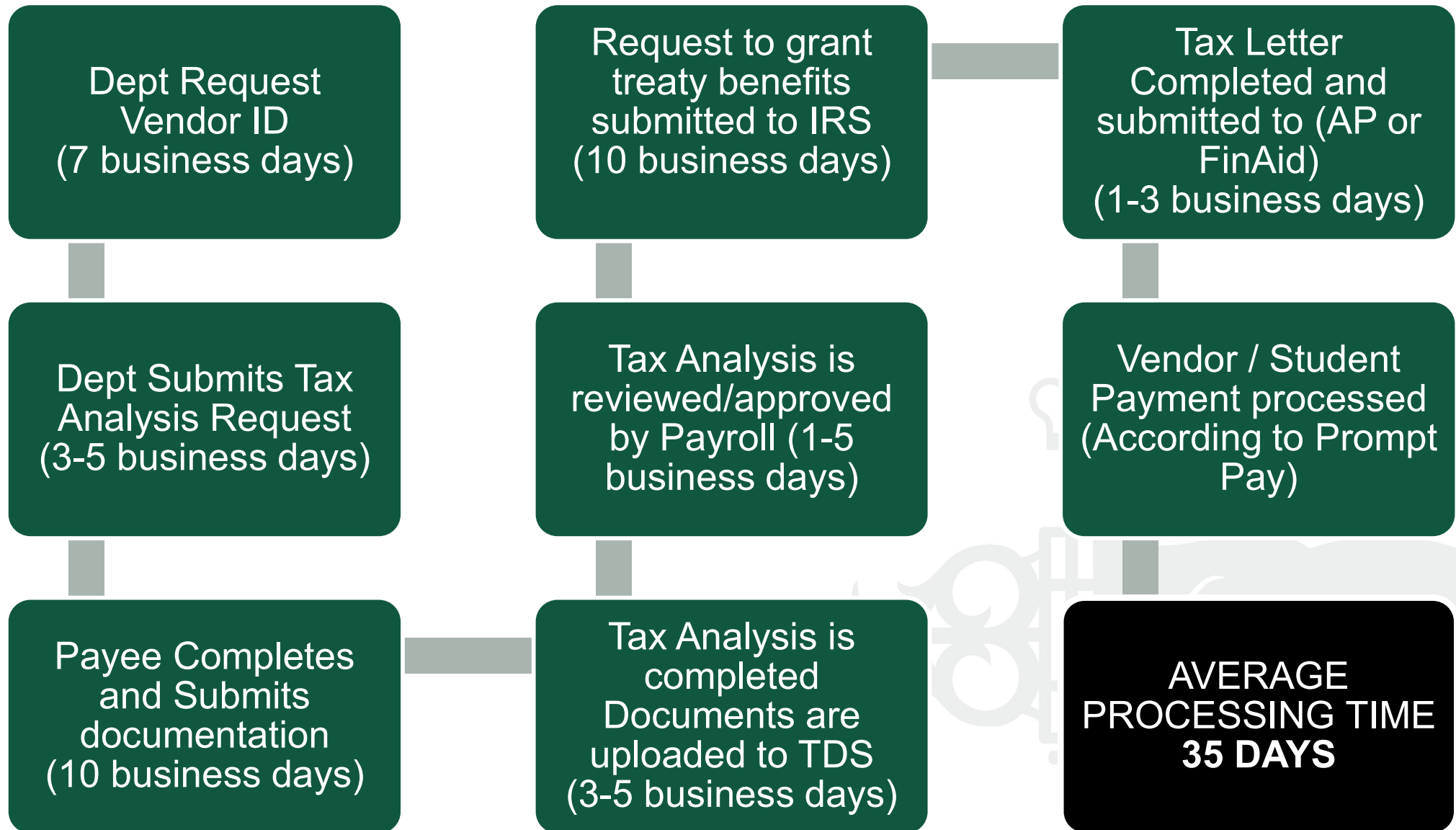
- To identify Non-Resident Aliens (NRA's) who are receiving payments;
- Prepare and apply tax analysis;
- Conduct training;
- Support the University Community



Tax Analysis Process in Payroll

1. Receive request via DocuSign
2. Initial set-up in TDS
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

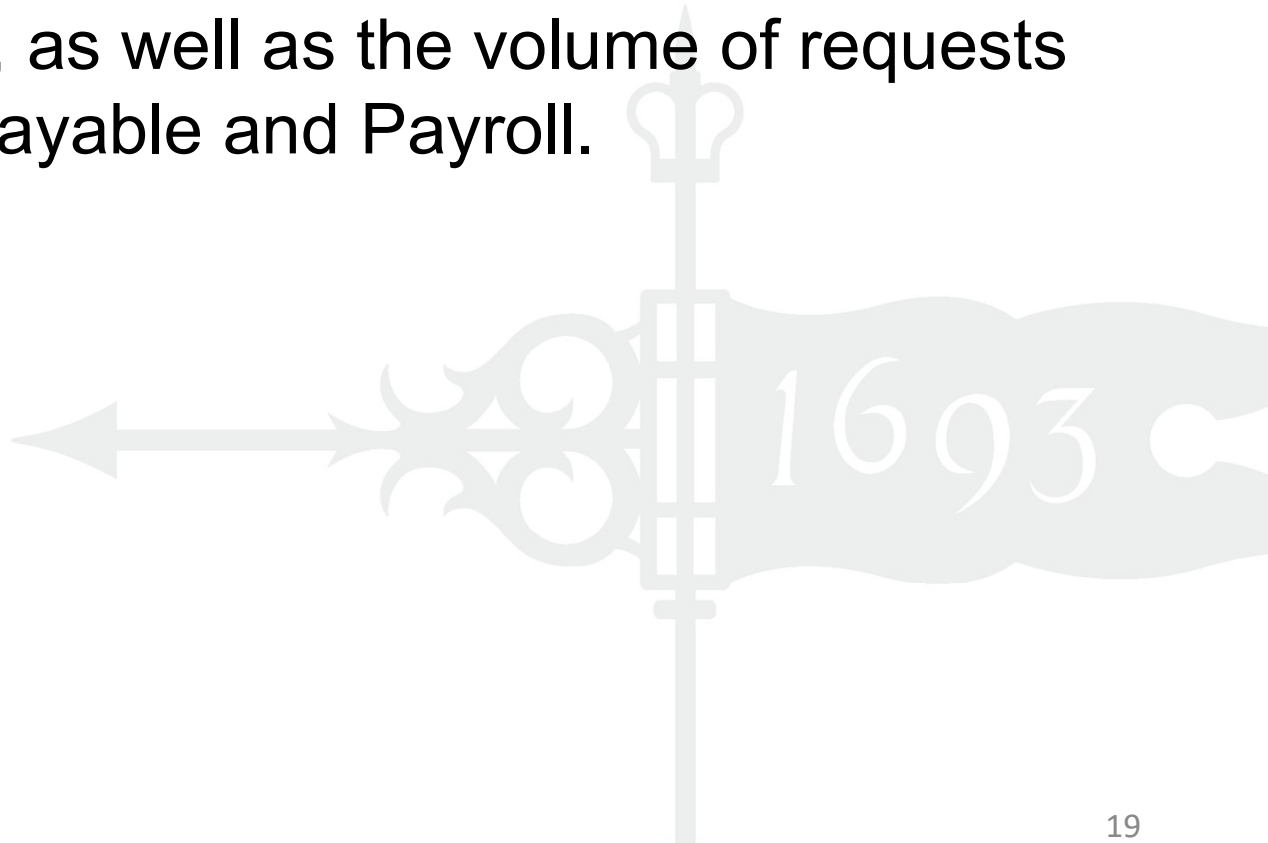
NRA Payee – new to WM <ul style="list-style-type: none">• Treaty benefits - 35 business days• No treaty benefits - 25 business days	NRA Payee – existing vendor <ul style="list-style-type: none">• Treaty benefits - 28 business days• No treaty benefits - 18 business days
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If 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.

TDS must still be completed and submitted, but the processing time for these payments is reduced. Payments without an 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

- | | |
|--|--|
| <ul style="list-style-type: none">➤ 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 to prevent a backlog in the VPRF process. | <ul style="list-style-type: none">➤ 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. |
|--|--|

Questions and Answers

Contact Information:

- Foreign Nationals email foreignnationals@wm.edu
- Tax Analysis Requests/NRA Specialist
 - Josie Cohen jacohen@wm.edu
- Assistant Director Payroll Operations, Tax Compliance, and Reporting
 - Simonne Vance smvance@wm.edu