



TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER EL PASO

Operating Policy and Procedure

HSCEP OP: 72.12, Payments to Nonresident Aliens

PURPOSE: The purpose of this Texas Tech University Health Sciences Center El Paso Operating Policy and Procedure (HSCEP OP) is to establish the method by which payments to nonresident aliens shall be processed, including review and approval prior to payment.

REVIEW: This HSCEP OP will be reviewed in November of each odd-numbered year (ONY) by the Director of Tax Compliance and Reporting (TCR) with recommendations for revisions submitted to the Managing Director of Payroll, the Executive Director for Human Resources, the Managing Director for Business Affairs or designees, and the Chief Financial Officer or designee by December 15.

POLICY / PROCEDURES:

1. Policy Statement

All payments made by Texas Tech University Health Sciences Center El Paso (TTUHSCEP) or related entities, to any individual or entity that is a nonresident alien shall be made in compliance with Internal Revenue Code (IRC) §1441 and related Treasury Regulations promulgated thereunder. For purposes of this OP, a nonresident alien is defined as any individual or entity that is not a United States citizen or is not a permanent resident alien.

2. Type of Payments Covered by Policy

This policy applies, but is not limited, to the following types of payments:

- a. Wages, salaries, or compensation paid to a nonresident alien employee;
- b. Fees, honorariums, or stipends paid to a nonresident alien visiting speaker, lecturer, or performer;
- c. Scholarships, stipends, discounts or waivers paid to a nonresident alien student;
- d. Service and/or non-service fellowships paid to a nonresident alien researcher;
- e. Any payments made to third parties on behalf of a nonresident alien;
- f. Travel reimbursements paid to a nonresident alien;
- g. Royalty payments to a nonresident alien;
- h. Cash, cash equivalent, and noncash prizes, awards, and participant payments made to a nonresident alien; and
- i. All other payments made to or on behalf of a nonresident alien.

3. Procedure for Common Types of Payments

- a. Payments to Employees:

For a nonresident alien employee, Human Resources must provide Tax Compliance Reporting (TCR) with the following:

- 1) Employees name;
- 2) Employee's Banner ID (R#);
- 3) Employee's e-mail address (not required to be TTUHSCEP e-mail address); and
- 4) Pay Period (semi-monthly or monthly).

TCR will send the employee an email notification with username and password to access GLACIER (a nonresident alien tax compliance system). The employee will be required to provide information through GLACIER, which is accessible from any Web-based computer, and provides data entry screens to enter name, local and foreign address, immigration information, etc. Based on the data entered, the employee will be provided all tax forms and documents that are required to be signed and returned to TCR. TCR will forward copies of signed tax forms to Payroll, as appropriate. It is the employee's responsibility to keep his/her information updated. Important tax information, including Form 1042S will be available through GLACIER. If information is not provided and/or required forms and documents are not submitted to TCR in a timely fashion, the maximum amount of tax will be withheld from all payments.

b. Payments to Students:

When a scholarship is awarded to a nonresident alien student, the awarding unit must provide TCR with the following:

- 1) Student's name;
- 2) Student's Banner ID (R#); and
- 3) Student's e-mail address (not required to be TTUHSCEP e-mail address).

TCR will send the student an e-mail notification with username and password to access GLACIER. The student will be required to provide information through GLACIER, which is accessible from any Web-based computer, and provides data-entry screens to enter name, local and foreign address, immigration information, etc. Based on the data entered, the student will be provided all tax forms and documents that are required to be signed and returned to TCR. It is the student's responsibility to keep his/her information updated. Important tax information, including Form 1042S, will be available through GLACIER. If information is not provided and/or required forms and documents are not submitted to TCR in a timely fashion, the maximum amount of tax will be withheld from all payments.

c. Payments to Visiting Speakers/Lecturers and Guest Artists/Performers:

A department inviting a visiting speaker/lecturer or guest artist/performer ("guest") to TTUHSCEP should contact both the International Employment Services (IES) which is in Human Resources and TCR prior to the guest's arrival on campus. IES will work with the department and guest to ensure that TTUHSCEP can legally make a payment to the guest pursuant to United States immigration laws.

TCR will provide the guest, by e-mail, with the necessary information to access GLACIER. The guest will be required to provide information through GLACIER, which is accessible from any Web-based computer, and provides data-entry screens to enter name, local and foreign address, immigration information, etc. Based on the data entered, the guest will be provided all tax forms and documents that are required to be signed and returned to TCR. It is the guest's responsibility to keep his/her information updated. Important tax information, including Form 1042S, will be available through GLACIER. Please note that an individual must have a social security number (SSN) or a

United States individual tax identification number (ITIN) in order to claim a tax treaty benefit. If the guest does not have a SSN or ITIN or the required information is not obtained, tax must be withheld at the rate of 30%.

A department may reimburse travel expenses of a guest under the accountable plan rules. The department must provide original receipts for any travel expenses that are to be reimbursed. No tax will be withheld from these types of expense reimbursements.

d. All Other Payments to Nonresident Aliens:

For all other payments to nonresident aliens, the department should contact TCR prior to making such payment. Please note that if a payment is incorrectly processed without the required tax withholding, the department will be charged the applicable tax. Since this is actually a gross up (i.e., paying tax on tax), the tax rate for scholarship payments is 16.2% and the tax rate for all other payments is 42.8%. Tax cannot be paid with federal funds.