

## **General Information Regarding Payments Made to Foreign Nationals**

In accordance with Internal Revenue Service Code Section 1441, the University is required to withhold federal income tax on certain U.S. sourced payments of income made to nonresident alien students, staff and visitors. Payments requiring withholding of tax are employee wages (payroll), personal services of independent contractors, prizes, awards, fellowships and nonqualified scholarships (a nonqualified scholarship are those amounts that are not applied to the student's tuition, mandatory fees, books, supplies or equipment other than a computer required for the course; room and board would be considered nonqualified scholarship).

When an individual seeks payment from the University, we need to determine several things before payment can be made:

- 1) Is the individual a U.S. Citizen, Resident Alien, or Nonresident Alien?
- 2) What is the payment for? (e.g. wages, non-employee services rendered, scholarship)
- 3) Is the payment for U.S. sourced income?
- 4) Is UConn allowed to make payment to this person based on his/her visa/immigration status?
- 5) Have we collected the required documentation from this person to be able to make payment and determine whether income tax withholding is required?

If we make a payment to a foreign individual that is not allowed based on his/her visa type, it can jeopardize his/her immigration status as well as the accreditation of our international programs. To determine if an international visitor can be paid based on his/her visa status, please refer to the document named "Permissible Payments to International Individuals Based on Visa Status" located on the International Tax page on UConn's Tax & Compliance website.

If UConn is making a payment of U.S. sourced income to a nonresident alien that is subject to federal income tax withholding, the following documentation will likely need to be collected from the individual before payment can be made:

Source documents that need to be collected:

1. Passport ID Page (and entry and exit stamps)
2. All U.S. visas issued to the individual (both current and past visas). For visa waivers, a copy of the authorization page from the ESTA application is appropriate. For Canadian citizens, a US visa is not required. The Canadian traveler will receive a B1 stamp upon crossing the border.
3. Form I-94 (which can be downloaded from:  
<https://i94.cbp.dhs.gov/I94/#/recent-search>)

Forms that will need to be completed:

1. IRS Form W-8BEN (if tax treaty is not applicable) or
2. IRS Form 8233 (if tax treaty is applicable)

3. Permission Letter (applicable to J-1 visa holders, J-1 visa holders cannot accept honorariums without the written permission of their International Sponsor).
4. UConn's Foreign National Information Form

### Honoraria Payments

It is very important your international visitor enters the U.S. under the proper visa classification and this will be determined by U.S. Customs and Immigration at the port of entry. Common visa types we see other than F-1 and J-1 are: B1/B2 (Business and Tourist) and WB/WT (Visa Waiver Business, Visa Waiver Tourist) Visa classification. The visitor's visa type will also be reflected on the person's Form I-94 (U.S. Citizen and Immigration Services Arrival and Departure Record).

An honorarium is generally defined as a gratuitous payment of money or any other thing of value to a person for the person's participation in a usual academic activity for which no fee is legally required. Honorarium payments are common in academia. Often times, a visiting scholar will be invited to come to the University to deliver a speech or share knowledge with the community but no formal contract or agreement will be made between the University and the invited guest. The academic department that invited the guest may wish to make a relatively small payment to the visitor to express its gratitude for the visit. Typically, the honorarium is enough to cover the person's travel expenses.

#### The 9/5/6 rule:

The law states "(q) Any alien admitted under section 101(a)(15)(B) [of the U.S. Immigration and Nationality Act] may accept an honorarium payment and associated incidental expenses for a usual academic activity or activities (lasting not longer than 9 days at any single institution) as defined by the Attorney General in consultation with the Secretary of Education if such payment is offered by an institution or organization described in subsection (p)(1) and is made for services conducted for the benefit of that institution or entity and if the alien has not accepted such payment or expenses from more than 5 institutions or organizations in the previous 6-month period."

**B1** and **WB** visa classifications are for temporary **business** purposes. Holders of these visas can receive honorariums plus incidental expenses if they abide by the 9/5/6 rule **OR** they can receive reimbursement for substantiated (itemized and receipts provided) travel expenses instead of a honorarium and they will not be limited by the 9/5/6 rule (i.e. they can remain on campus for more than 9 days) **It is one or the other.**

**B2** and **WT** are temporary **tourist** visas: these visa holders can only receive honorariums to the extent of the 9/5/6 rule. This means they can only be reimbursed for substantiated expenses and/or honoraria for a usual academic activity that lasts 9 or less days, if the individual has not accepted an honorarium from more than 5 institutions in the previous 6 months.