Paying Foreign Vendors and Hiring Foreign Employees

2015 Professional Development Institute
Agenda

• Accounts Payable
  – Honoraria Payments to Individuals
  – Payments to Foreign Entities
• Travel Reimbursements
• Hiring Foreign National Employees
Honoraria Payments - Individuals

- VISA Status
- General Rule - Tax Withholding 30%
- Tax Treaty Exemptions if Applicable
- 9-5-6 Rule
  - Activity can be for no longer than 9 days
  - No more than 5 institutions in the previous 6 months
Honoraria Payments - Individuals

• Documentation
  – Form W-8BEN
  – Foreign National Information Form
    • Passport
    • I-94 “Departure Record”
    • U.S. VISA if applicable
    • Other document requirements subject to specific VISA type
  – Indication of payment method
    • Purchase Order (PO)
    • Disbursement Voucher (DV)
Honoraria Payments - Individuals

• Payment Process
  – Route Foreign Info Form & applicable immigration documents to Foreign National Tax Administrator (FNTA)
  – FNTA will notify department of any required tax withholding, the tax rate, and the account to charge the tax
  – Create new vendor and attach Form W-8BEN
  – Tax should be added to DV prior to submitting
Payments – Foreign Entities

• General Rule - Tax Withholding 30%
  – Work performed in U.S.
  – Note on DV or PO location of work
• Tax Treaty Exemptions if Applicable
• Documentation
  – Form W-8BEN-E or W-8EXP
  – Indication of payment method
    • PO or DV
    • Send invoices to Beth Fritzler w/ wire instructions
Travel Reimbursements

- **Tax Withholding**
  - 30%
    - When no business purpose or benefit to CSU
  - 14%
    - Tax rate can be reduced to 14% for individuals who have VISA types F, M, J, or Q

- **Note** - honoraria payments not allowed on Travel Voucher for foreign nationals
Travel Reimbursements

- Documentation
  - Foreign National Information Form
    - Passport
    - I-94 “Departure Record”
    - U.S. VISA if applicable
    - Other document requirements subject to specific VISA type
  - Travel Voucher routed to Foreign National Tax Administrator
Hiring Foreign National Employees

• Required to meet with Foreign National Tax Administrator
• Documentation
  – Social Security Number
  – No Social Security Number
  – Form W-4
  – Other Tax Documentation
• Students restricted to 20 hours/week
Reference

- http://busfin.colostate.edu/ap.aspx
- http://busfin.colostate.edu/tax.aspx
- IRS website for tax form guidance
QUESTIONS?

Tax Services
Matt Wills 491-6242
Haitao Cao 491-3538

Accounts Payable
Genevra Scott 491-2040
Beth Fritzler 491-2097