



**THE GEORGE
WASHINGTON
UNIVERSITY**
WASHINGTON, DC

Responsible University Official: Tax Manager
Responsible Office: Tax Department
Origination Date: Not Available
Last Amended Date: June 16, 2014

TAX ISSUES REGARDING PAYMENTS TO NON-U.S. INDIVIDUALS AND ORGANIZATIONS

Policy Statement

It is the policy of the university that payments made by the university to non-U.S. organizations and individuals, including students, who are not citizens, legal permanent residents, asylees or refugees of the United States be made in compliance with Department of Homeland Security (DHS), Internal Revenue Service (IRS), state, and other applicable laws and guidelines. **University departments, offices, and employees must not make any financial commitments before the immigration and tax implications are explored and understood.**

Reason for Policy/Purpose

The laws and regulations that govern payments to non-U.S. individuals and organizations differ significantly from those that apply to U.S. citizens, legal permanent residents, asylees or refugees, and U.S. organizations. The university is potentially liable for tax, penalties and interest for failure to comply with applicable requirements.

Who Needs to Know This Policy

Faculty and staff

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Policy and Procedures

The university will engage the services of non-U.S. individuals and organizations only after determining that such individuals and organizations are eligible to receive payments for their services under applicable U.S. law. These payments may be for employment, independent contractor services, honoraria, stipends, or any other purpose that includes a payment to a non-U.S. individual or organization. The university must confirm that the desired payment is legally permissible before any financial commitment is made.

IRS reportable payments to non-U.S. individuals and organizations may not be processed via P-card. A W-8BEN or W-8BEN-E is required for all non-U.S. individuals and organizations prior to payment, otherwise, federal withholding tax may apply. The only exception is a valid expense reimbursement (ex. for travel-related expenses).

A. Payments to Non-U.S. Individuals as University Employees

The university will hire a non-U.S. individual as an employee only after determining that the individual is legally authorized to work in the United States or is eligible for university sponsorship for work authorization. (See the policies regarding [I-9 Employment Eligibility Verification](#) and [Sponsorship of Foreign Nationals for H1-B Nonimmigrant and Permanent Residence Immigrant Status](#)). Prior to making any commitment to a non-U.S. individual, who will be hired as an employee, departments and other university offices should confirm that the individual holds the appropriate immigration status or is eligible for sponsorship. Departments and other university offices must not ask an individual about his or her specific citizenship or immigration status as such questions may violate anti-discrimination laws. Instead, the department or office may ask the individual whether he or she is currently authorized to work in the United States. If the individual confirms that he or she is authorized to work in the United States, then the department or office may ask the individual if he or she requires or will require visa sponsorship. If the individual indicates that he or she is not authorized to work in the United States, then the department or office may ask the individual what is his or her current immigration status.

If a department or other university office intends to hire an individual as an employee to perform work outside the United States, there may be additional requirements. In this situation, the department or office should contact its HR Client Partner for staff positions and the Office of Faculty Recruitment and Personnel Relations for faculty positions.

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Departments or other university offices should contact the Tax Department to assist with tax withholding and reporting requirements, including ensuring that the individual provides all required documentation to the Tax Department.

B. Payments to Non-U.S. Individuals as Independent Contractors

The university may engage the services of a non-U.S. individual as an independent contractor only after determining that the individual is eligible to perform the services and receive payments in the United States. Prior to engaging a non-U.S. individual to perform services for the university in the United States departments and other university offices must verify that the independent contractor status is appropriate by completing the Worker Classification Review form as outlined in the [Worker Classification and Payment Policy](#).

If the individual is to provide services as an independent contractor to the university from outside the United States the department or office should contact the Tax Department for further analysis.

Departments and other university offices must contact the International Services Office to understand visa rules related to non-U.S individuals.

C. Payments to Non-U.S. Organizations

When a department or other university office is contemplating engaging a non-U.S. organization for services or for any other reason, the department or office must provide the appropriate documentation to the Tax Department so that the proper tax withholding and reporting requirements can be accessed. Departments and other university offices should contact the Tax Department prior to making any financial commitment to the organization.

D. Payments to Non-U.S. Students

Payments to non-U.S. students, such as scholarships, fellowships, stipends, and prizes, are subject to different rules, depending on the immigration and tax status of the student. Departments and other offices should consult the Tax Department regarding applicable tax withholding and reporting. The [Stipend and Tuition Payments to Students and Their Taxability Policy](#) should be consulted. Employment of non-U.S. students is subject to the requirements of Part A above.

Forms / Instructions

GW Tax Forms and Publications

http://financeoffice.gwu.edu/taxpayrollbenefits/tax/tax_forms.html

[including Alien Information Request Form (AIRF), IRS Form 8233, and IRS Form W-8 BEN]

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Website Address for This Policy

[GW University Policies](#)

Contacts

Responsibility	Contact	Telephone	E-mail
Processing of Employee Eligibility	Human Resources	(202) 994-9259	dhr@gwu.edu
Processing of Payments	Accounts Payable	(202) 994-2500	acctspay@gwu.edu
Taxability, Withholding, and Reporting of Payment to Non-U.S. Individuals and Organizations	Tax Department	(703) 726-8313	tax@gwu.edu
Non-employee Visas/Immigration Sponsorship	International Services Office	(202) 296-4477	iso@gwu.edu

Definitions

Honorarium A one-time payment generally made to a guest lecturer, speaker or conference participant. Honorariums are considered taxable income unless tax treaty relief is available.

Independent Contractors Also commonly referred to as; contractor, consultant, freelancer, etc. Independent contractors are individuals, sole proprietorships, partnerships, corporations, organizations, etc., which render services to the general public. Contractors are responsible for the means and methods for completing a task based on specifications in a contract with the university. Contractors generally have multiple clients, maintain a separate workplace and are not directly supervised or controlled by university employees. Independent Contractors do not receive university benefits.

Permanent Resident (i.e., “green card” holder) A non-U.S. citizen who has been granted the legal privilege of living and working in the United States indefinitely. A permanent resident is taxed in the same manner as a U.S. citizen.

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Asylee or Refugee	A non-U.S. citizen who has been granted the privilege of living and working in the United States because he/she is unable or unwilling to return to the home country due to persecution or a perceived threat of persecution based on race, religion, nationality, membership in a particular social group, or political opinion. A refugee is taxed in the same manner as a U.S. citizen.
Scholarship or Fellowship	An amount paid to or on behalf of a student for the purpose of aiding and supporting educational activity that does not require the performance of service. A scholarship or fellowship for tuition and required fees <i>directly credited</i> to a student account is not taxable and not reportable by the university to the student or the IRS. Any scholarship payment used for expenses other than tuition or required fees is taxable (unless tax treaty relief is available) and reportable by the university to the student and to the IRS .
Stipend	A payment for the benefit of an individual to aid him or her in the pursuit of study or research that does not require the performance of service. Examples include payments for living and incidental expenses such as room and board, travel, non-required books, personal computers, etc. Stipends are generally taxable (unless tax treaty relief is available) for non citizens and reportable to the student and IRS.

Related Information

[A Brief Primer on Doing Business Abroad: U.S. Laws that Affect GW's International Activities](#)

[Sponsorship of Foreign Nationals for H1-B Nonimmigrant and Permanent Residence Immigrant Status](#)

[Worker Classification and Payment Policy](#)

[International Services Office](#)

[University Tax Department](#)

IRS publications 515, 519, and 901, which can be found at www.irs.gov

Who Approved This Policy

Louis H. Katz, Executive Vice President and Treasurer

Beth Nolan, Senior Vice President and General Counsel

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ORGANIZATIONS

History/Revision Dates

Origination Date: October 1, 2004

Last Amended Date: June 16, 2014

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