

Inviting a Foreign Short Term Visitor

Responsible Financial Unit: Tax Department For Additional Assistance: tax@wfu.edu

A Foreign Short Term Visitor is a foreign citizen who has been granted the appropriate authorization and Visa status to allow them to enter the USA. They may receive independent contractor payments for services performed as a speaker, lecturer, performer, collaborator or researcher and are not considered employees for tax purposes. This type of payment is often referred to as an “Honorarium.” Payments to these visitors results in a 30% withholding tax, unless an Income Tax Treaty Benefit applies. In order for foreign visitors to receive independent contractor payments, honoraria, travel or other benefits, the following must be true:

1. The foreign visitor must not be an employee of the University or any other U.S. Company or Organization.*
2. The service or task being performed is of short duration (less than 9 days) and will not result in the foreign visitor entering a long-term working relationship worth the University.
3. The foreign visitor must not have used this special rule more than 4 times within the past 6 months in the USA. WFU can be the fifth. This is known as the “9/5/6” rule: maximum 9 days at each of 5 institutions in 6 months.

Actions Needed	Information Required
Contact the University Tax Department	<ul style="list-style-type: none">• Contact the Tax Office prior to issuing an invitation• Tax Dept. will assist in obtaining proper immigration information for your situation.• Failure to obtain the correct visa could result in substantial penalties for the University and visitor and could prohibit the University from paying an honorarium or travel expenses for your visitor.• Even if visitor is paying his/her own expenses and will not receive an honorarium from the University, the Tax Dept. must still be notified in advance of the visit, if not, meals, lodging or other benefits provided could be taxable to the foreign visitor.
Issue Written Invitation – e-mail counts!	<ul style="list-style-type: none">• An invitation letter or email must identify the services to be

Financial Services finance.wfu.edu

What is it?

This is a quick guide to assist the University faculty, staff, and students with the requirements for inviting a Foreign Short Term Visitor to Wake Forest University.

Why it is Necessary

It is necessary in order to properly host a Foreign Short Term Visitor on campus. Correctly doing so avoids substantial penalties for the University and visitor and makes it possible for the University to pay an honorarium or travel expenses to the visitor.

*Foreign Visitor from another U.S. School

You can invite a foreign visitor who is currently employed in the USA as long as permission is sought and granted from the Int'l Program Office of the other school.

	<p>performed and what payments, if any, the University will be providing (airfare, lodging, honorarium, etc.)</p> <ul style="list-style-type: none"> • It helps the University remain in compliance with Department of Labor wage requirements to pay individuals for services. • Services provided are the key to tax free travel. The IRS only allows travel payments to non-employees who provide services to the University.
<p>Have Visitor complete Foreign National Information Form</p>	<ul style="list-style-type: none"> • Send completed form to Tax Department with copies of passport and visa (if any).
<p>Check Tax Treaty Eligibility Status</p>	<ul style="list-style-type: none"> • Depending upon your visitor's country of residence, s/he may be eligible to use an income tax treaty. • A treaty could reduce or eliminate tax withholding on any payments made to the individual. • The Foreign Visitor must have an Individual Tax Identification Number (ITIN) or Social Security Number (SSN) in order to use a tax treaty. • The Tax Department can assist in obtaining an ITIN if the visitor does not have a U.S. Tax ID Number (SSN or ITIN).
<p>30% mandatory tax withholding</p>	<ul style="list-style-type: none"> • All payments and provisions of non-cash benefits to a foreign person are taxable at 30%. • Travel can be tax free with an invitation letter stating the services provided by the visitor and what travel costs will be provided by WFU. Tax free cash reimbursements require the visitor's signature on the reimbursement request. • Honoraria are tax free only with a tax treaty.