Tax Issues

Non-Resident Alien Tax Policy

I. GENERAL

SECTION 1.1 - Scope of Policy

Effective as of (date), this Nonresident Alien Tax Policy (referred to herein as the "Policy") applies to "U.S. source payments" disbursed by The University of Alabama, Tuscaloosa (referred to herein as "UA") to nonresident aliens who are students; employees, including postdoctoral/postgraduate fellows and visiting scholars; scholarship/fellowship recipients; and independent contractors.

Students and employees are not subject to this Policy if they are either U.S. citizens or lawful permanent residents. Resident aliens, for tax purposes, may come under this Policy for treaty benefits.

SECTION 1.2 - U.S. Source Payment

Unlike U.S. citizens and resident aliens who are taxed on their worldwide income, nonresident aliens are only taxed on income they receive from U.S. sources. Nonresident aliens do not have to pay U.S. income tax on income they receive from countries outside the U.S. This income is referred to as "foreign source."

The Tax Analyst is responsible for determining whether a payment is a "U.S. source" or "foreign source" payment.

Payments of employee compensation (including cash employee prizes and awards) and payments to independent contractors are generally sourced in the country where the service is performed.

Scholarship/fellowship payments generally are sourced in the country where the payer is located, regardless of the location of an agent who disburses payments for the payer.

SECTION 1.3 - Definition of Student

For purposes of this Policy, a student is an individual who, either at the undergraduate or graduate level, is enrolled in and regularly attending classes and/or registered for research, thesis, or dissertation requirements. The Payroll Office, with the assistance of other UA Department(s) and Administrative Office(s), as necessary, shall be responsible for monitoring the student status of individuals being paid as student employees.

An individual's student status shall continue during the break between the conclusion of one academic term and the commencement of the immediately following academic term, unless UA's student record system indicates the individual will neither be enrolled in and regularly attending classes nor registered for research, thesis, or dissertation requirements during the academic term that commences immediately after a break.

SECTION 1.4 - Definition of Postdoctoral Fellows and Visiting Scholars

For purposes of this Policy, postdoctoral fellows are foreign nationals who have completed the course, research, thesis, and/or dissertation requirements for obtaining a postgraduate degree at UA or another educational institution. UA hires these individuals as temporary employees. At the same time, these individuals are gaining more experience and training.

For purposes of this Policy, visiting scholars are foreign nationals who are experienced in their field of study and are hired by UA as temporary employees. They may be classified as Professors, Teachers, Instructors, Researchers, Visiting Scientists, etc.
SECTION 1.5 - Definition of *Nonresident Alien* and *Resident Alien*

For purposes of this Policy, a *nonresident alien* is a person who is not a U.S. citizen and who does NOT meet either the Green Card Test or the Substantial Presence Test (see APPENDIX ONE).

For purposes of this Policy, a *resident alien* is a person who is not a U.S. citizen and who meets either the Green Card Test or the Substantial Presence Test (see APPENDIX ONE). A resident alien generally is subject to the same tax withholding and payment rules as a U.S. citizen; however, the Tax Analyst is responsible for determining whether the tax withholding and payment rules applicable to a resident alien differ from the rules applicable to a U.S. citizen.

A foreign national who meets the Substantial Presence Test (and does not meet the Green Card Test) may retain his or her nonresident alien status. The individual must demonstrate to the satisfaction of the Internal Revenue Service (referred to herein as "IRS") that he or she has met the "Closer Connection Test" by filing Form 8840 *Closer Connection Exception Statement for Aliens* (see SECTION 3.14).

SECTION 1.6 - Definition of *Foreign National*

For purposes of this Policy, a *foreign national* is a person who owes his permanent allegiance to a country other than the U.S. This usually means that the person is a citizen of another country. A foreign national is presumed to be a nonresident alien unless he/she meets either the Green Card Test or the Substantial Presence Test.

SECTION 1.7 - Amendment of Policy

Changes in tax laws, the legal interpretation of tax laws, positions taken by the IRS or other tax authorities or in UA procedure may require this Policy to be amended.

II. CLASSIFICATIONS OF PAYMENTS

This Policy covers three classes of U.S. source payments to nonresident aliens:

- Employee compensation payments,
- Scholarship/fellowship payments, and
- Independent contractor payments.

SECTION 2.1 - Employee Compensation Payments

*Employees* are individuals who perform services subject to the direction and control of UA, both as to what shall be done and how it shall be done.

*Employee compensation* is paid by the Payroll Office to (or on behalf of) an individual who performs services for UA.

Employee compensation may only be paid to a nonresident alien who has been granted an appropriate employment authorization and immigration status by the Immigration and Naturalization Service (referred to herein as "INS") and who has a valid social security number. The work authorization status of a nonresident alien shall be approved by Capstone International Services (referred to herein as "CIS").

Payments to postdoctoral fellows and visiting scholars are classified as employee compensation because work (service) is performed in exchange for compensation.

Assistantships, which include graduate student, research and teaching assistantships, are a form of financial assistance provided to students to aid them in pursuing a course of study. Assistantship payments are designated as employee compensation because work (service) is performed in exchange for compensation.

*Employee prizes and awards* include cash payments to employees based on past accomplishments or activities as an employee, and such cash payments are included in employee compensation.

A. Federal Income Tax

In general, federal income tax shall be withheld from all employee compensation payments made to a nonresident alien, unless the payment is exempt from withholding under federal law, which includes a tax treaty between the U.S. and the nonresident alien's country of tax residence. For a list of countries with which the U.S. has entered income tax treaty agreements, see APPENDIX TWO.
CAUTION: The fact that an individual’s country of tax residence is listed does not automatically mean that payments to the individual will be exempt from tax. Exemption will depend upon numerous factors, including: the specific provisions of each treaty, the individual’s length of stay in the U.S., the type of payment made, and whether the individual has met with the Tax Analyst to complete the appropriate forms.

Subject to the provisions of applicable income tax treaties, the Payroll Office shall withhold federal income tax at the applicable graduated tax rate from employee compensation payments. Nonresident aliens may claim a personal withholding allowance by completing IRS Form W-4 Employee’s Withholding Allowance Certificate (see SECTION 3.12) and submitting it to the Tax Analyst.

To apply for a withholding exemption on employee compensation based on a tax treaty, a nonresident alien must contact the Tax Analyst to complete IRS Form 8233 Exemption From Withholding on Compensation for Independent (and Certain Dependent) Personal Services of a Nonresident Alien Individual (see SECTION 3.9). Tax treaty benefits will not be granted without a valid social security number.

If the individual does not qualify for a tax treaty exemption, the Tax Analyst will make sure the individual is being taxed at the appropriate tax rate.

B. State Income Tax

Nonresident aliens are subject to tax on all income received within, or for services performed in, Alabama.

Subject to applicable withholding exemptions, the Payroll Office shall withhold State of Alabama Income Tax (referred to herein as “State Income Tax”) at the applicable rate from employee compensation. The following rules shall apply with regard to withholding exemptions:

1. All employees must submit either a completed State Income Tax Form A-4 or a completed State Income Tax Form A-4E (see SECTIONS 3.15 and 3.16) to the Tax Analyst, who will forward the form to the Payroll Office.

2. The Alabama Department of Revenue does not currently recognize withholding exemptions based on tax treaties; therefore, State Income Tax withholding cannot be adjusted based on the provisions of such treaties.

C. Federal Insurance Contributions Act (FICA) Tax

FICA tax (the Old-Age, Survivors and Disability Insurance Tax and the Medicare Tax) which is commonly referred to as the "Social Security Tax," is imposed in equal parts on both the employee and employer with respect to wages paid to individuals working in the U.S. Employment generally means any service, of whatever nature, performed by an employee within the U.S. for an employer, regardless of the citizenship or residence of the employee.

The Payroll Office shall withhold the employee portion of the FICA tax from all payments of employee compensation and pay the corresponding employer portion of the FICA tax. However, a nonresident alien employee and UA may be entitled to withholding/payment exemption(s) from the FICA tax based upon the employee's student status, employee's immigration status, a tax treaty, or a "Social Security Totalization Agreement."

1. FICA Exemption Based Upon Student Status

An employee and UA may be exempt from the employee and employer portions of FICA tax based upon the student status of the employee. The student is exempt from FICA tax under Section 3121(b)(10) of the Internal Revenue Code, if the student works for the school at which he/she is enrolled and regularly attends classes. In order to qualify for this exemption, the student must be enrolled in at least half-time status. Half-time is defined as 6 hours for undergraduate and 4.5 hours for graduate school. The Payroll Office monitors student status each time the payroll runs, and charges FICA tax as appropriate.

2. FICA Exemption Based Upon Immigration Status

An employee and UA may be exempt from the employee and employer portions of FICA tax based upon the employee's immigration status. To qualify for this exemption, the employee must be temporarily present in the U.S. as a nonresident alien in F-1, J-1, M-1, or Q-1 immigration status, and must perform service in accordance with the primary purpose of their visa. If these criteria are met, the nonresident alien is exempt from FICA tax under Section 3121(b)(19) of the Internal Revenue Code. The Tax Analyst shall inform the Payroll Office not to withhold FICA tax.

The Tax Analyst will apply the Substantial Presence Test (see APPENDIX ONE) to visa holders in accordance with federal regulations, which include the following:
(a) Students

A student who is in F, J, M, or Q immigration status is generally exempt from counting days of presence as a student for purposes of the Substantial Presence Test, provided that the student has not been exempt from counting days of U.S. presence for any part of more than five (5) calendar years due to student or non-student immigration status.

(b) Teachers and Trainees (non-students)

A teacher or trainee, other than a student, who is in J or Q immigration status, is generally exempt from counting days of presence for purposes of the Substantial Presence Test. The teacher or trainee must NOT have been exempt as a teacher, trainee, or student for any part of two (2) of the six (6) preceding calendar years.

Individuals who are in F-2, J-2, or M-2 immigration status are not eligible for FICA exemption under Section 3121(b)(19) because their primary purpose is to be a dependent.

When an employee has met the Substantial Presence Test, the Tax Analyst shall classify him or her as a resident alien for tax purposes and the employee is no longer eligible for exemption from FICA tax according to Section 3121(b)(19). UA is required to withhold FICA tax retroactive to the first day of physical presence in the U.S. in the year the individual became a resident alien. If the employee is also a student, he or she may still qualify for exemption under Section 3121(b)(10).

3. FICA Exemption Based Upon a Tax Treaty

An employee may be exempt from the employee portion of FICA tax based upon a tax treaty. To qualify for this exemption, the employee must complete IRS Form 8233 (see SECTION 3.9) and submit Form 8233 and other necessary documentation to the Tax Analyst. In most cases, no withholding exemption will be available to the employee due to a tax treaty. However, if a withholding exemption is available to the employee, UA shall still pay the employer portion of the FICA tax.

4. FICA Exemption Based Upon a Social Security Totalization Agreement

An employee and UA may be exempt from the employee and employer portions of FICA tax based upon a Social Security Totalization Agreement. To qualify for this exemption, the employee must establish that the social security tax is being paid to his or her country of residence with regard to the income earned in the U.S. The employee must obtain a "coverage certificate" from the social security authorities in his or her country of residence and submit the coverage certificate to the Tax Analyst. The coverage certificate must contain the following:

(a) The employee's name, address, and taxpayer identification number, date and place of birth, marital status, citizenship, and country of lawful permanent residence;
(b) the employer's name, address, and taxpayer identification number;
(c) that a Totalization agreement is in effect between the foreign country and the U.S. under which wages received by or paid to the employee by the employer are subject to taxes or contributions under the social security system of the foreign country; and
(d) the date on which the Totalization agreement began to apply and the date, if determined, when it will cease to apply.

Upon receipt of the coverage certificate, the Tax Analyst shall retain the certificate (the certificate is not to be filed with the IRS) and inform the Payroll Office of the application of the Totalization agreement. See APPENDIX THREE for a listing of countries that have Social Security Totalization Agreements.

SECTION 2.2 - Scholarship/Fellowship Payments

A "scholarship" is defined as "an amount paid or allowed to, or for the benefit of, a student, whether an undergraduate or graduate, to aid such individual in pursuing his studies."

A "fellowship" is defined as "an amount paid or allowed to, or for the benefit of, an individual to aid him in the pursuit of study or research."

Scholarship/fellowship payments aid the recipient in covering the cost of tuition, fees, books, supplies and/or living expenses while pursuing a course of study or research.

In order for a payment to be classified as a scholarship/fellowship, there must be no requirement that the recipient perform services
in order to receive the payment. Furthermore, the payment must not be contingent upon the recipient's choice of a particular faculty mentor or participation in a specific research, teaching, or service project. The Tax Manager will make the final determination of whether a payment is properly classified as a scholarship/fellowship.

Scholarship/fellowship payments are generally disbursed to (or on behalf of) students through the Office of Student Receivables, as a credit applied to the student's account. Certain scholarship/fellowship payments may be disbursed through other offices; for example, monthly living expense payments for student athletes are disbursed through the Payroll Office, or training grant allowances through Accounts Payable. Each disbursing office is responsible for withholding any required taxes on scholarship/fellowship payments, as determined by the Tax Analyst.

A. Federal Income Tax

"Qualified" scholarship/fellowship payments, as defined by Internal Revenue Code Section 117, are not included in the student's income for federal income tax purposes and are not subject to federal income tax withholding. For a payment to be considered "qualified," a student (as permitted by the terms under which the payment is made) must use the payment for:

1. tuition and fees required for enrollment or attendance, or
2. fees, books, supplies, and equipment required for courses of instruction.

**NOTE:** Student insurance, which is required of all foreign national students at UA, is considered a qualified fee.

Scholarship/fellowship payments paid in excess of qualified scholarships (i.e. room and board, travel, dorm charges, student health and pharmacy charges, Dining Dollars, and monthly stipends for living expenses) are included in the student's income. Subject to the provisions of applicable income tax treaties, such excess payments are subject to withholding under the following rules:

UA shall withhold federal income tax at a rate of 14%, provided that:

1. the recipient is temporarily present in the U.S.,
2. the recipient is in F, J, M, or Q immigration status, and
3. the recipient must be a "Candidate for a Degree" - present to pursue study, training, or research.

If the student does not meet the above requirements for application of the 14% withholding rate, UA shall withhold federal income tax from the scholarship/fellowship payment at the rate of 30%.

To apply for a withholding exemption on scholarship/fellowship payments based on a tax treaty, a nonresident alien must contact the Tax Analyst to complete IRS Form W-8BEN Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding, (see SECTION 3.10). For a listing of countries with which the U.S. has entered income tax treaty agreements, see APPENDIX TWO.

**CAUTION:** The fact that an individual's country of tax residence is listed does not automatically mean that payments to the individual will be exempt from tax. Exemption will depend upon numerous factors, including: the specific provisions of each treaty, the individual's length of stay in the U.S., the type of payment made, and whether the individual has met with the Tax Analyst to complete the appropriate forms.

If the individual does not qualify for a tax treaty exemption, the Tax Analyst will make sure the individual is being taxed at the appropriate tax rate.

B. State Income Tax

State Income Tax shall not be withheld from any scholarship/fellowship payments.

C. FICA Tax

The employee portion of the FICA tax shall not be withheld from scholarship/fellowship payments, and UA shall not pay the employer portion of the FICA tax.

SECTION 2.3 - Independent Contractor Payments

Independent contractor payments are made in exchange for services performed by an individual who does not have an employee-employer relationship with UA. A Request for Independent Contractor Status Form (refer to UA SPENDING POLICY, Section VII) must be submitted in advance to the Tax Manager to obtain approval for payments to independent contractors. These are usually short-
term visitors providing guest lectures, symposiums, etc.

Independent contractor payments will only be made to an individual whose immigration status allows the receipt of such payments as a matter of law and who has a valid taxpayer identification number. If necessary, the Tax Analyst will consult with CIS to determine the legality of payment. Following are some examples of the most common visa types used by short-term visitors at UA, and the restrictions applicable to each:

**B-1 Visitor for Business (and WB Visa Waiver for Business)**

**B-2 Visitor for Tourism (and WT Visa Waiver for Tourism)**

May receive an honorarium payment for academic activities lasting no more than nine days at a single institution, if the visitor has not accepted such payment from more than five institutions during the previous six months (9-5-6 rule). If these criteria are not met, the visitor can receive expense reimbursements only (original receipts must be provided). Canadians are visa exempt, which means they do not require a visa to enter the U.S. Canadians admitted without documentation are considered to be under B-1 or B-2 status and may receive an honorarium provided that the 9-5-6 rule is met.

Citizens from the following countries may be granted WB or WT visa waiver stamps by simply completing the I-94W form upon entry into the U.S., as long as certain requirements are met. These countries currently are: Andorra, Argentina, Australia, Austria, Belgium, Brunei, Denmark, Finland, France, Germany, Iceland, Ireland, Italy, Japan, Liechtenstein, Luxembourg, Monaco, the Netherlands, New Zealand, Norway, San Marino, Slovenia, Spain, Sweden, Switzerland, and the United Kingdom.

**J-1 Exchange Visitors**

Visitors who will exceed the 9-5-6 rule **must** obtain J-1 status in order to be paid an honorarium or fee. A J-1 visa is authorized for the sponsoring institution only. Therefore, if the individual is in the U.S. on a J-1 visa from another institution, payment from UA can only be made upon receipt of a letter from the sponsoring institution's "Responsible Officer." The letter, along with other documentation, must be forwarded to the Tax Analyst to be placed in the individual's tax file. **Obtaining a J-1 visa requires 6 to 8 weeks of advance planning.** A J-1 visa requires that UA prepare Form IAP-66 Certificate of Eligibility for Exchange Visitor (see SECTION 3.3 and EXHIBIT 3) that must be sent to the invitee. The invitee will have to take Form IAP-66 to the Embassy or Consulate to apply for the visa. There is no cost to the individual associated with obtaining this status. **CIS will provide assistance to departments needing to obtain J-1 visas for visitors.** If these procedures are not followed, the visitor can receive expense reimbursements only (original receipts must be provided).

**TN - Trade NAFTA**

Individuals from Canada or Mexico that exceed the 9-5-6 rule (and there is not enough time to obtain J-1 status) may obtain TN status in order to be paid an honorarium. The individuals must be in certain professions and there is a cost to the individual.

Following is the procedure for obtaining TN Status:

1. Visitor will need to enter the U.S. through a "Class A" airport, which will have a special section set up in the U.S. customs area to process TN paperwork.

2. Visitor must present:

**Proof of citizenship:** This may be a short- or long-form birth certificate, passport, or certificate of Canadian or Mexican naturalization.

**Original offer letter:** This is a letter from UA to the individual which must contain the following information: title, job duties, period of employment, and amount of pay. In describing the title and job duties, avoid the word "training" which could be misinterpreted by INS officials to mean that the visitor is coming to receive training. For example, if the visitor will be leading a workshop, the word "teaching" would be a better choice.

**Proof of credentials:** This is required to show that the individual qualifies for the professional TN status. Usually the proof consists of a notarized copy of their degree (which must be at least a bachelor's degree). The degree must be related to the job they will be doing in the U.S.

**Payment:** A $95 processing fee is required.

3. The visitor should allow an extra 2 1/2 to 3 hours at the airport for processing.
4. The visitor will receive an I-94 card with **TN** stamped on it. On the back of the card, UA will be listed as the employing agent.

5. There is a maximum 12-month period for each TN approval. Therefore, the above process must be repeated each year as needed. Although the TN status may be quicker to obtain, it is recommended that the individuals obtain J-1 status whenever possible. Therefore, departments should contact CIS as soon as there is an intent to invite a short-term visitor.

Once it is determined that a payment can legally be made, the Tax Analyst shall determine the individual's tax status by performing a tax analysis, and, if needed, shall assist in obtaining an Individual Taxpayer Identification Number (see SECTION 3.6). Refer to departmental responsibilities outlined in SECTION 4.1.

**A. Federal Income Tax**

In general, federal income tax shall be withheld from all independent contractor payments made to a nonresident alien, unless the payment is exempt from withholding under federal law, which includes a tax treaty between the U.S. and the nonresident alien's country of tax residence. For a listing of countries with which the U.S. has entered income tax treaty agreements, see APPENDIX TWO.

*CAUTION:* The fact that an individual's country of tax residence is listed does not automatically mean that payments to the individual will be exempt from tax. Exemption will depend upon numerous factors, including: the specific provisions of each treaty, the individual's length of stay in the U.S., the type of payment made, and whether the individual has met with the Tax Analyst to complete the appropriate forms.

Subject to the provisions of applicable income tax treaties, UA shall withhold federal income tax from independent contractor payments at the rate of 30%. To apply for a withholding exemption on independent contractor payments based on a tax treaty, a nonresident alien must contact the Tax Analyst to complete IRS Form 8233 *Exemption From Withholding on Compensation for Independent (and Certain Dependent) Personal Services of a Nonresident Alien Individual* (see SECTION 3.9). Tax treaty benefits will not be granted without a valid taxpayer identification number (see SECTIONS 3.5 and 3.6).

If the individual does not qualify for a tax treaty exemption, the NRA Tax Accountant will make sure the individual is being taxed at the appropriate tax rate, which is 30%.

**B. State Income Tax**

State Income Tax shall not be withheld from any independent contractor payments.

**C. FICA Tax**

The employee portion of FICA tax shall not be withheld from independent contractor payments, and UA shall not pay the employer portion of the FICA tax.

**III. FORMS AND PROCEDURES**

**IMMIGRATION**

**SECTION 3.1 - INS Form I-94 Arrival/Departure Record (see EXHIBIT 1)**

The INS Form I-94 is used to document a foreign national's entrance date, work authorization status, and period of time admitted to the U.S.

**SECTION 3.2 - INS Form I-9 Employment Eligibility Verification (see EXHIBIT 2)**

This form is used by the employer to verify an employee's eligibility to work in the U.S. UA is required to have on file a completed I-9 for all employees, including foreign nationals. The hiring department is responsible for submitting a completed Form I-9, along with copies of supporting documentation, to the Payroll Office.

**SECTION 3.3 - USIA Form IAP-66P Certificate of Eligibility for Exchange Visitor (see EXHIBIT 3)**

Form IAP-66P is a certificate of eligibility for prospective students, professors, research scholars, short-term scholars, or specialists to apply for a visa to travel to the U.S. It also certifies that the prospective individual has applied for admission and has been admitted
to an institution for studies or employment. With this form in hand, the prospective individual can visit any U.S. consulate and apply for a J-1 visa. The certificate also certifies that the prospective student has sufficient funds in readily available format to support him/her self while studying in the U.S. In order to remain in lawful status while in the U.S., among other things, the J-1 individual must maintain a valid Form IAP-66P at all times. The J-1 student also needs to have a valid Form IAP-66P in order to be eligible for on-campus or off-campus employment. There are other categories of the J-1 status, but UA is not authorized to hire anyone who is not in one of the above J-1 categories.

SECTION 3.4 - INS Form I-20P Certificate of Eligibility for Nonimmigrant Student (see EXHIBIT 4)

Form I-20P is a certificate of eligibility for a prospective student to apply for a visa to travel to the U.S. It certifies that the prospective student has applied for admission and has been admitted to an institution for studies. It also certifies that the institution has verified that the prospective student has sufficient funds in readily available format to support him/her self while studying in the U.S. With this form in hand, the prospective student can visit any U.S. consulate and apply for an F-1 visa. In order to remain in lawful status while in the U.S., among other things, the student must maintain a valid INS Form I-20P at all times. The student also needs to have a valid INS Form I-20P in order to be eligible for on-campus or off-campus employment authorization.

TAX IDENTIFICATION NUMBERS

SECTION 3.5 - Social Security Administration Form SS-5 (see EXHIBIT 5)

A nonresident alien must have a Social Security Number (referred to herein as "SSN") if he or she is receiving:

1. employee compensation payments,
2. scholarship/fellowship payments, or
3. independent contractor payments.*

The nonresident alien must have a SSN before payment can be made or treaty exemptions can be granted. Applications can be obtained from CIS, the Tax Analyst or downloaded from the Social Security Administration web site: http://www.ssa.gov/online/ss-5.html. The individual will need to take the completed application and the requested original documents to the local Social Security Administration Office, which is located at 1118 Greensboro Avenue, Tuscaloosa, Alabama. The individual must apply in person.

The nonresident alien should receive his/her SSN via mail within 14 days. The individual should immediately take a copy of the card to the Tax Analyst, the Payroll Office and/or the Office of Student Records.

*Nonresident aliens who are not eligible for a SSN must obtain an Individual Taxpayer Identification Number (referred to herein as "ITIN").

SECTION 3.6 - IRS Form W-7 Application for IRS Individual Taxpayer Identification Number (see EXHIBIT 6)

Nonresident aliens who are not eligible to receive a SSN must apply for an ITIN using IRS Form W-7. This generally applies to independent contractors who are only here for a short period of time. The Tax Analyst will assist the individual with the application process for obtaining an ITIN. The individual will need to apply in person, to the office of the Tax Analyst, with original passport and INS documents. UA must have an ITIN on file, or evidence that the individual has applied for one, before payment can be made or treaty exemptions can be granted. The nonresident alien should receive his/her ITIN via mail within 6 â€“ 8 weeks. To insure that UA gets a copy of the ITIN, it will be mailed to the Tax Analyst's attention. The Tax Analyst will forward the ITIN to the nonresident alien. This form may be obtained from the Tax Analyst or downloaded from the IRS web-site: http://www.irs.gov/forms_pubs/index.html.

UA INTERNAL USE

SECTION 3.7 - UA Foreign National Information Form (see EXHIBIT 7)

This general information form should be completed by the foreign national and taken to the Tax Analyst when the individual has his/her tax analysis done. This form will serve as a back-up document to basic, but very important, information about the foreign national's U.S. address, foreign address, citizenship, tax residency, current and previous immigration status, primary purpose for visit and dates of entries and exits. This will aid the Tax Analyst in performing the tax analysis as quickly and accurately as possible.

SECTION 3.8 - UA Nonresident Alien Student Tax Status Determination Form (see EXHIBIT 8)

This form is to be completed by the Office of Student Receivables and the Tax Analyst for any nonresident alien student receiving "excess credits" (i.e. scholarship/fellowship credits on the student account in excess of required tuition and fees). The Office of Student Receivables will list the breakdown of the scholarship payment that was applied to the student's account. The breakdown will consist of the "qualified scholarship" amounts that are exempt under Section 117 of the Internal Revenue Code and the excess amounts that are potentially taxable to the student. The Tax Analyst will then determine if the excess scholarship payment is exempt under a tax treaty or if the student should be taxed at the appropriate tax rate. The Tax Analyst will forward the form back to the Office of Student Receivables to either exempt the scholarship payment from federal taxes or charge the student's account with any required federal tax withholding. The Tax Analyst will send the student a letter to explain the amount of tax applied to his/her account.

FEDERAL TAX

SECTION 3.9 - IRS Form 8233 Exemption From Withholding on Compensation for Independent (and Certain Dependent) Personal Services of a Nonresident Alien Individual (see EXHIBIT 9)

If a nonresident alien qualifies for exemption from federal taxes on compensation earned for personal service, he or she must complete IRS Form 8233 and have a valid taxpayer identification number to receive tax treaty benefits. The distribution and review of IRS Form 8233 shall be the responsibility of the Tax Analyst, who shall oversee the accurate completion of this form. The Tax Analyst shall forward the completed form to the IRS within five (5) days of its receipt from the nonresident alien.

This form must be filed for each calendar year (January 1 - December 31) for which a nonresident alien claims income tax treaty benefits. If this form is not completed, no benefits will be granted. Taxes will be withheld at the appropriate rate, NO EXCEPTIONS. UA will not provide any refunds of taxes withheld due to failure of the individual to complete Form 8233. The individual will have to apply for a refund when filing his/her U.S. income tax return.

In the case of a UA employee, the Tax Analyst will forward a copy of the completed Form 8233 to the Payroll Office. In the case of an independent contractor, the Tax Analyst will forward a copy of the completed Form 8233 to Accounts Payable as an attachment to the Miscellaneous Disbursement Voucher (MDV) requesting payment. The Tax Analyst reviews MDVs for nonresident aliens prior to payment being made.

SECTION 3.10 - IRS Form W-8BEN Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding (see EXHIBIT 10)

Form W-8BEN is used by a nonresident alien individual to (1) certify foreign status, (2) claim an income tax treaty exemption for a non-service scholarship/fellowship grant, or (3) claim an income tax treaty exemption or tax rate reduction for passive income (e.g. royalties, dividends, interest, or certain portfolio interest). The distribution and review of this form shall be the responsibility of the Tax Analyst. A completed Form W-8BEN is not to be filed with the IRS; the Tax Analyst shall retain it and forward a copy to the appropriate disbursing office. Generally, a Form W-8BEN is valid for a period of three years, but UA requires the individual to have an updated tax analysis each year.

If an individual is otherwise eligible for treaty benefits, but fails to complete Form W-8BEN or does not have a valid taxpayer identification number, UA will withhold federal taxes at the applicable tax rate, NO EXCEPTIONS. UA will not provide any refunds of taxes withheld due to failure of the individual to complete Form W-8BEN. The individual will have to apply for a refund when filing his/her U.S. income tax return.

SECTION 3.11 - IRS Form W-9 Request for Taxpayer Identification Number and Certification (see EXHIBIT 11)

IRS Form W-9 has multiple purposes. It is used 1) to obtain a taxpayer identification number, 2) as a certificate of U.S. citizen or resident aliens status, and 3) to claim exemption from withholding under a treaty for resident aliens.

Nonresident alien students and trainees from Jamaica, Barbados and Hungary may elect to be treated as resident aliens for tax purposes by completing Form W-9 even if they do not meet the Substantial Presence Test as described in APPENDIX ONE. The purpose of this election is to permit the student/trainee to qualify for additional tax benefits available to U.S. residents.

Foreign nationals who are resident aliens because they passed the Substantial Presence Test may still qualify for treaty benefits under the Savings Clause of their country's treaty. The NRA Tax Accountant shall inform the individual at the time of the tax analysis. If the individual is still eligible for treaty benefits, IRS Form W-9 must be completed with special notations. This form must be completed
each calendar year (January 1 - December 31) for which the resident alien claims income tax treaty benefits. A completed Form W-9 is not to be filed with the IRS; the NRA Tax Accountant shall retain it and forward a copy to the Payroll Office.

SECTION 3.12 - IRS Form W-4 Employee's Withholding Allowance Certificate (see EXHIBIT 12)
Nonresident aliens who receive employee compensation payments must submit a completed Form W-4 to the Tax Analyst. IRS Form W-4 shall be completed in accordance with the following rules:

1. Regardless of actual marital status, "Single" must be checked on Line 3.
2. Only one (1) withholding exemption may be claimed on Line 5, unless an applicable tax treaty provides otherwise.
3. An additional amount of $15.30 biweekly or $33.10 monthly shall be deducted on Line 6.
4. "Exempt" withholding status may not be claimed on Line 7.

If the foreign national does not complete IRS Form W-4, or Form W-4 is completed incorrectly, federal income tax must be withheld from the employee's compensation on the basis of Single with no exemptions ("Single and 0").

The distribution and review of this form shall be the responsibility of the NRA Tax Accountant. The Tax Analyst will forward the completed Form W-4 to the Payroll Office. A completed Form W-4 generally is effective until a new Form W-4 is submitted to the Payroll Office.

SECTION 3.13 - IRS Form 8843 Statement for Exempt Individuals and Individuals With a Medical Condition (see EXHIBIT 13)
Nonresident aliens who are present in the U.S. under an F, J, M, or Q immigration status are entitled to exclude days of U.S. presence for purposes of the Substantial Presence Test (see APPENDIX ONE). They must complete Form 8843 and submit it along with their U.S. income tax return to the IRS. Foreign nationals who were unable to leave the U.S. because of a medical condition or medical problem must also complete IRS Form 8843. The instructions to IRS Form 8843 provide guidance on retaining nonresident alien status. This form may be obtained from the NRA Tax Accountant. This form may be obtained from the Tax Analyst or downloaded from the IRS web-site: http://www.irs.gov/forms_pubs/index.html. It is the nonresident alien's responsibility to file this form with the IRS.

SECTION 3.14 - IRS Form 8840 Closer Connection Exception Statement for Aliens (see EXHIBIT 14)
IRS Form 8840 must be completed by foreign nationals who have passed the Substantial Presence Test (see APPENDIX ONE) and are considered resident aliens for tax purposes, but want to be treated as nonresident aliens. The individual must satisfy to the IRS that they have a closer connection to their country of tax residence. This form must be filed with the IRS along with the individual's income tax return. This form may be obtained from the NRA Tax Accountant or downloaded from the IRS web-site: http://www.irs.gov/forms_pubs/index.html. It is the nonresident alien's responsibility to file this form with the IRS.

STATE TAX

SECTION 3.15 - Form A-4 Employee's Withholding Exemption Certificate (Alabama Department of Revenue) (see EXHIBIT 15)
Form A-4 is used to claim personal exemption(s) for State Income Tax withholding purposes. If a completed Form A-4 cannot be obtained by the Payroll Office, State Income Tax must be withheld from employee compensation on the basis of no exemptions ("Single and 0"). A completed Form A-4 generally is effective until a new or amended Form A-4 is submitted to the Payroll Office. IRS Form W-4 cannot be used in place of Form A-4. The distribution and review of this form shall be the responsibility of the Tax Analyst.

SECTION 3.16 - Form A-4E Employee's Withholding Exemption Certificate (Alabama Department of Revenue) (see EXHIBIT 16)
Form A-4E is used to claim complete exemption from State Income Tax. To qualify, the employee must:

1. be a full-time student,
2. be engaged in temporary employment,
3. expect to earn less than $1,800.00 during the year, and
4. expect to owe no State Income Tax for the year.

The student must submit a completed Form A-4E (instead of Form A-4) to the NRA Tax Accountant. The distribution and review of this form shall be the responsibility of the Tax Analyst.

YEAR-END REPORTING

SECTION 3.17 - IRS Form 1042-S Foreign Person's U.S. Source Income Subject to Withholding (see EXHIBIT 17)

IRS Form 1042-S is used to report nonresident alien scholarship/fellowship payments, employee compensation payments that are exempt from federal taxes under an income tax treaty and independent contractor payments. To the extent that all or a portion of an employee compensation payment is not covered by a tax treaty and is subject to federal income tax withholding pursuant to IRS withholding tables, an IRS Form W-2 shall be used to report such payment. The Tax Analyst is responsible for preparing IRS Form 1042-S with respect to all payments to nonresident aliens. The Tax Analyst shall also be responsible for electronically filing the 1042-S with the IRS. The Payroll Office shall be responsible for mailing the 1042-S statements to the nonresident aliens by March 15th of the current year for the preceding tax year (e.g. March 15, 2001 for 2000 tax year).

SECTION 3.18 - IRS Form 1042 Annual Withholding Tax Return for U.S. Source Income of Foreign Persons (see EXHIBIT 18)

IRS Form 1042 is used to report tax withheld on certain income of nonresident aliens. Every U.S. withholding agent who receives, controls, has custody of, disposes of, or pays any fixed or determinable annual or periodic income must file an annual return for the preceding calendar year. The Payroll Office shall be responsible for filing this form with the IRS by March 15th of the current year for the preceding tax year (e.g. March 15, 2001 for 2000 tax year).

SECTION 3.19 - IRS Form W-2 Wage and Tax Statement (see EXHIBIT 19)

IRS Form W-2 is used to report taxable compensation earned by an individual. The Payroll Office is responsible for producing these forms and mailing them to the employee by January 31st of the current year for the preceding tax year (e.g. January 31, 2001 for 2000 tax year).

IV. IMPLEMENTATION AND COMPLIANCE RESPONSIBILITIES

SECTION 4.1 - UA Departments and Administrative Offices

UA shall comply with federal and state tax laws, as well as immigration laws, according to the procedures contained in this Policy. Tax withholding and payments are an essential part of UA's compliance effort, and UA shall ensure that payments made to nonresident aliens are properly reported and that taxes are remitted to the appropriate government agencies.

For UA to comply with the requirements of federal and state tax laws, as well as immigration laws, each Department and Administrative Office MUST share the responsibility for compliance. A single Department or Administrative Office cannot do all that is required to maintain compliance; therefore, a coordinated effort is essential.

Departments hosting nonresident aliens will generally be aware of a nonresident alien's arrival date (in some cases the arrival date is known far in advance of the actual arrival). To ensure that a nonresident alien may receive prompt payment, Departments are responsible for the following:

A. Must immediately notify the Tax Analyst upon becoming aware that a foreign national will be seeking payment of any kind from UA. The Tax Analyst will determine the individual's tax status and, if necessary, will consult with CIS to determine if the individual can be paid based on the individual's immigration status.

B. Must provide a clear description of the reason for payment.

C. For independent contractor expense reimbursements (where no fee is paid): must submit original expense receipts with the MDV.

D. For independent contractor fee/honoraria payments: must follow standard procedures for Independent Contractor Status Forms and Professional Service Agreements as detailed in UA SPENDING POLICIES, Section VII.
E. Must provide a SSN or an ITIN, if known, on a Request for Personnel Action (PA) form or a Miscellaneous Disbursement Voucher (MDV) requesting that payment be made to a nonresident alien. **An individual should not be allowed to begin work until he/she has obtained a SSN/ITIN or provided evidence that he/she has applied for one.** (NRA Tax Accountant shall assist the independent contractor in obtaining an ITIN.) Refer to SECTIONS 3.5 and 3.6.

**NOTE:** This requirement does not apply to payments which are "expense reimbursement only" with original receipts.

### SECTION 4.2 - Nonresident Alien Tax Accountant

The NRA Tax Accountant is designated as the person responsible for coordinating UA's effort to comply with tax laws applicable to foreign nationals. The Tax Analyst shall carry out the following responsibilities:

#### A. Tax Analysis

The Tax Analyst shall perform a tax analysis on each foreign national individual receiving payment from UA and forward information to the Payroll Office, Office of Student Receivables, or Accounts Payable, as appropriate.

The individual must go to the Tax Analyst's office and have a tax analysis done. **Tax analysis will be done by appointment only.** The individual must take the following documents:

- **Passport (including visa page and I-94 card)**
- **Immigration paper IAP-66P or I-20P (see SECTIONS 3.3 and 3.4)**
- **Social Security Card**
- **Foreign National Information Form, if completed in advance (see SECTION 3.7)**

* Each foreign national must apply for a SSN or ITIN as soon as possible upon arrival. Refer to SECTIONS 3.5 and 3.6 for a description of forms and procedures.

The tax analysis consists of the following components:

1. **U.S. Tax Residency Test (see APPENDIX ONE)**

The Tax Analyst, in accordance with the requirements of the "Green Card Test" and the "Substantial Presence Test," shall evaluate each foreign national. The Tax Analyst shall:

- a. Inform the Payroll Office, Office of Student Receivables, and Accounts Payable, as appropriate, whether a foreign national who receives employee compensation payments, scholarship/fellowship payments, or independent contractor payments is a nonresident alien or resident alien.
- b. Promptly report to the aforementioned offices any changes in the nonresident status of a foreign national who receives employee compensation payments, scholarship/fellowship payments, or independent contractor payments.
- c. Inform the Payroll Office, Office of Student Receivables, and Accounts Payable of those tax withholding and payment rules that apply to each resident alien that would be inapplicable to an U.S. citizen (i.e., when a tax treaty applies to a resident alien).

2. **Income Tax Treaties**

The U.S. is a party to income tax treaties with a number of countries. The NRA Tax Accountant is responsible for reviewing and determining the application of income tax treaties currently in force, obtaining information regarding new treaties, monitoring the expiration or amendment of treaties and maintaining the current list of treaty countries attached hereto (see APPENDIX TWO).

**CAUTION:** The fact that an individual’s country of tax residence is listed **does not** automatically mean that payments to the individual will be exempt from tax. Exemption will depend upon numerous factors, including: the specific provisions of each treaty, the individual's length of stay in the U.S., the type of payment made, and whether the individual has met with the Tax Analyst to complete the appropriate forms.

3. **Immigration Status**

The Tax Analyst will use the individual's current visa status, as well as previous visas held, in determining eligibility of treaty benefits. It is very important that the individual bring all the requested documents to facilitate an accurate tax analysis.
The Tax Analyst shall be responsible for entering all treaty exemptions, visa information, entry date, country of citizenship, and all applicable federal and state withholding tax rates into the payroll system. This information will be entered at the time the analysis is completed.

**B. Year End Tax Reporting (1042-S)**

The Tax Analyst will coordinate the annual 1042-S reporting to individuals and IRS. This process involves ensuring that information is compiled accurately from all payment systems and reported properly, as well as responding to inquiries from the IRS or the nonresident alien individuals concerning Form 1042-S.

**C. Compliance Program**

In order to facilitate University-wide compliance with this Policy, the NRA Tax Accountant shall be responsible for the following:

1. Providing training and assistance to departments as needed.
2. Notifying foreign nationals about tax analysis requirements and other foreign national tax related issues.
3. Updating this Policy and notifying departments of any change in procedures that may occur.

The NRA Tax Accountant may be contacted at the following address and telephone number:

**Nonresident Alien Tax Accountant**
Financial Accounting and Reporting  
369 Rose Administration Building  
Box 870136  
Tuscaloosa, Alabama 35487-0136  
(205) 348-8865  
(205) 348-7282 fax

**SECTION 4.3 - Capstone International Services (CIS)**

CIS is designated as the office responsible for coordinating UA’s effort to comply with immigration laws applicable to foreign nationals. CIS shall carry out the following responsibilities:

A. Assist departments in obtaining the appropriate visa status for visitors, employees, and students.
B. Refer all student foreign nationals to the Tax Analyst for tax analysis.
C. Assist the Tax Analyst in getting information to the foreign nationals.
D. Coordinate orientation for foreign national students.
E. Provide guidance and assistance to the foreign national students regarding immigration issues.
F. Approve work authorization status of foreign nationals.

CIS may be contacted at the following address and telephone number:

**Capstone International Services**
105 B.B. Comer Hall  
Box 870254  
Tuscaloosa, Alabama 35487-0254  
(205) 348-5402  
(205) 348-5406 fax

**SECTION 4.4 - Payroll Office**

The Payroll Office shall be responsible for the following duties:

A. Reporting and transmission of all tax withholdings and tax payments to the appropriate federal and state authorities.
B. Monitoring the student enrollment status on all student employees, in order to either grant or deny FICA exemption based on
student status.

C. Entering into the payroll system all FICA information for foreign national employees.
D. Providing the Tax Analyst with monthly reports of individuals with invalid social security numbers.
E. Providing periodic reports that reflect nonresident aliens receiving payments through payroll.
F. Forwarding a copy of all Personnel Action Forms for nonresident aliens to the NRA Tax Accountant.
G. Providing year-end reporting information on nonresident aliens to the Tax Analyst to prepare 1042-S statements.
H. Mailing the 1042-S statements to the nonresident aliens.
I. Preparing and filing IRS Form 1042.

The Payroll Office may be contacted at the following address and telephone number:

**Payroll Office**
Human Resource Service Center
G-69 Rose Administration Building
Box 870174
Tuscaloosa, Alabama 35487-0128
(205) 348-7732
(205) 348-8755 fax

SECTION 4.5 - Office of Student Receivables

The Office of Student Receivables shall be responsible for:

A. Producing the "excess credit" report to identify students receiving scholarship/fellowship credits on their student accounts that are in excess of qualified amounts (see SECTION 2.2). This report should be run along with the student refund program at the beginning of each academic term and every 14 days throughout the term to pick up any changes on student accounts.

B. Charging the student accounts with the federal tax withholding, as directed by the Tax Analyst. This transaction places the tax into a UA liability account used by the Payroll Office to make the federal tax deposit.

C. Producing the "nonresident alien withholding tax" report and forward to the Payroll Office. This report will be used by the Payroll Office to reconcile the amount of federal tax that was placed into the liability account to be deposited with the next federal tax deposit.

The Office of Student Receivables may be contacted at the following address and telephone number:

**Office of Student Receivables**
105 Student Service Center
Box 870120
Tuscaloosa, Alabama 35487-0120
(205) 348-5350

SECTION 4.6 - Tax Manager

The Tax Manager shall carry out the following responsibilities:

A. Make final determination when questions arise as to the proper classification of payments (e.g. scholarship/fellowship, employee compensation, or independent contractor fees).

B. Approve Request for Independent Contractor Status for departments wishing to pay professional service fees to individuals.

C. Review UA policies and procedures to ensure compliance with federal tax law.

D. Oversee the coordination of efforts between the various administrative offices to insure adherence to UA policies and procedures.

E. Provide guidance and assistance to Tax Analyst as needed.
The Tax Manager may be contacted at the following address and telephone number:

**Tax Manager**  
Financial Accounting and Reporting  
369 Rose Administration Building  
Box 870136  
Tuscaloosa, Alabama 35487-0136  
(205) 348-2963  
(205) 348-7282
NRA Tax Deposit Procedures

- Compile monthly list of all individuals requiring tax withholding from scholarship, royalty, prize/award, and independent contractor payments.

- Reconcile amounts withheld to those amounts credited to NRA Tax Clearing Account (A-11004-100107-201202-600), *Clearing Account Reconciliation.xls*. Use TIDEbytes report, “Taxes” located in the Receivables and Collections folder to reconcile the tax amounts that were charged to student accounts.

- Create monthly tax withheld spreadsheet in *Tax Deposit 2014.xls*.

- Reconcile Total Tax Liability/Deposit spreadsheet located in Tax Deposit 2014.xls. Total liability should tie back to Student Receivables Scholarship (TIDEbytes report), Royalty, Independent Contractor, Accounts Payable Scholarship, and Prize/Award spreadsheets.

- Email Starr Deas the amount of tax withheld, and the FOAPAL to be debited. Starr will electronically transfer the amount of funds withheld as part of a federal tax deposit.

- Place copies of the deposit confirmation, total tax withheld spreadsheet, supporting documentation, NRA Tax Account reconciliation, and Tax Liability/Deposit reconciliation in the 2014 Tax Deposit Folder.
Foreign National Tax Return Preparation Assistance

November

- Renew GLACIER Tax Prep software agreement for 2014 filing season. Arctic International offers a significant discount for renewing before November 30th.
  - Information about GLACIER Tax Prep can be found at www.arcticintl.com.
    - User ID: uanratax
    - Password: uanratax
  - For 2013 we purchased the license that allowed up to 399 individuals to use the software. We had approximately 100 extra access codes available.

January

- Contact Elvira Winters in the C&BA Technology Group (348-5108 or ewinters@cba.ua.edu) to discuss room reservations for tax return preparation seminars. The past several years we have used Bruno Classroom 4. Elvira will provide computer credentials closer to the first scheduled seminar. See email following procedures.

- Contact Evelyn Roberts (205-759-2571 or Evelyn.Roberts@revenue.alabama.gov) with the Alabama Department of Revenue to discuss when the examiners would like to come on campus to assist international students with the completion of form 40NR. See example of this year’s schedule and email following procedures.

February

- After February 15th, send an email to individuals in Windstar providing details about tax return seminars and the availability of GLACIER Tax Prep. Email recipients are divided into 4 categories based on information from Windstar: NRA’s with 1042-S forms, NRA’s without 1042-S forms, RA’s with 1042-S forms, RA’s without 1042-S forms. Example email is attached.

- Send email to Charter Morris (cmorris6@ua.edu) at Capstone International to announce the availability of GLACIER Tax Prep and the tax seminars in the bi-weekly publication of the Capstone International E-Newsletter. CIS generally runs the announcement until the end of the tax filing season.

- Once emails are sent to foreign nationals, begin scheduling individual appointments and 40NR seminar reservations.
**Day of Seminar**

- Bring copies of the following forms to the seminars: GLACIER Tax Prep Instruction Sheet (20), 1040 Assembly Instructions (10), Tax Seminars Information (50). Also bring the following items: mailing labels, envelopes (personal), pens, scissors, stapler, extra staples, tape, appointment sheets, and departmental copy card.

- Seminars begin at 3:00. The room is reserved beginning 30 minutes prior to the start of the seminars. This allows time to set up computers, log in, and open up browser to ADOR 40NR form.

**Emails and Attachments**

Elvira,

I wanted to touch base with you and see if it would be possible to reserve one of the computer classrooms for our 2013 Tax Preparation Seminars. It has been wonderful the past 5 years to be able to have access to the computers and the printers.

Last year we held the seminars in March and April. Would it be possible to reserve one of the classrooms for the following dates and times:

- Friday, February 28th  2:30-4:00
- Friday, March 7th   2:30-4:00
- Friday, March 14th  2:30-4:00
- Friday, April 11th  2:30-4:00

We typically schedule the classes for Friday afternoons. I look forward to hearing from you soon.

Thanks again for all of your help!!

Evelyn,

This year I have scheduled the lab for 4 Fridays, but I’m only scheduling one session per Friday. I have them scheduled for the following dates and times:

- **Friday, February 28, 2014**  3:00-4:00
- **Friday, March 7, 2014**  3:00-4:00
- **Friday, March 14, 2014**  3:00-4:00
- **Friday, April 11, 2014**  3:00-4:00

Please let me know if this schedule works for you.

Thanks!
Email Template- NRA with 1042-S Forms

The University of Alabama has purchased an online software program, GLACIER Tax Prep, to assist nonresident alien students and scholars with the preparation of your U.S. Income Tax Return Forms 1040NR and 1040NR-EZ. GLACIER Tax Prep can be accessed at www.glaciertax.com. Each person who uses GLACIER Tax Prep must have a valid Access Code. Please note, your access code may only be used once. If additional access codes are needed, please contact the Tax Accounting Office at cvjones@fa.ua.edu.

Your Access Code is: BJ6VPXMX8

A GLACIER Tax Prep instruction sheet, containing all of the information you will require to use GLACIER Tax Prep is attached to this email. Please note, if you have become a resident alien for tax purposes, you will not be eligible to use the GLACIER Tax Prep software.

Both the U.S. income tax return and the State of Alabama income tax return are due by April 15, 2014.

The 1042-S forms were mailed today. All persons receiving this email should receive a 1042-S form. Please contact the Tax Accounting Office if you do not receive yours by next week. You CANNOT complete your tax return without this form.

We will be offering seminars to assist nonresident aliens in filing their Alabama Tax Return Form 40NR. A list of available seminars is attached to this email. You will need to email me to schedule a time because of computer availability.

Should you have any questions regarding the above information, please contact the Tax Accounting Office at cvjones@fa.ua.edu.

Thanks so much!
Email Template- NRA without 1042-S Forms

The University of Alabama has purchased an online software program, GLACIER Tax Prep, to assist nonresident alien students and scholars with the preparation of your U.S. Income Tax Return Forms 1040NR and 1040NR-EZ. GLACIER Tax Prep can be accessed at www.glaciertax.com. Each person who uses GLACIER Tax Prep must have a valid Access Code. Please note, your access code may only be used once. If additional access codes are needed, please contact the Tax Accounting Office at cvjones@fa.ua.edu.

Your Access Code is: BJ6VPXMXX8

A GLACIER Tax Prep instruction sheet, containing all of the information you will require to use GLACIER Tax Prep is attached to this email. Please note, if you have become a resident alien for tax purposes, you will not be eligible to use the GLACIER Tax Prep software.

Both the U.S. income tax return and the State of Alabama income tax return are due by April 15, 2014.

We will be offering seminars to assist nonresident aliens in filing their Alabama Tax Return Form 40NR. A list of available seminars is attached to this email. You will need to email me to schedule a time because of computer availability.

Should you have any questions regarding the above information, please contact the Tax Accounting Office at cvjones@fa.ua.edu.

Thanks so much!
Email Template- RA with 1042-S Forms

This year we will not be having a seminar specifically for resident aliens for tax purposes. If you need assistance with your federal or state tax return, please email me to schedule an appointment with me in my office.

The 1042-S forms were mailed today. All persons receiving this email should receive a 1042-S form. Please contact the Tax Accounting Office if you do not receive yours by next week. You CANNOT complete your tax return without this form.

Both the U.S. income tax return and the State of Alabama income tax return are due by April 15, 2014.

Should you have any questions regarding the above information, please contact the Tax Accounting Office at cvjones@fa.ua.edu.

Email Template- RA without 1042-S Forms

This year we will not be having a seminar specifically for resident aliens for tax purposes. If you need assistance with your federal or state tax return, please email me to schedule an appointment with me in my office.

Both the U.S. income tax return and the State of Alabama income tax return are due by April 15, 2014.

Should you have any questions regarding the above information, please contact the Tax Accounting Office at cvjones@fa.ua.edu.
Group Sessions
Nonresident Alien Tax Return Assistance
Tax Year 2013

*Space is limited in each of the Form 40NR sessions.

Please email Casey Jones cvjones@fa.ua.edu to schedule a time.

Friday, February 28, 2014 (Bruno Business Library Classroom/Lab 4)
3:00-4:00     Form 40NR – Alabama Individual Income Tax Return*

Friday, March 7, 2014 (Bruno Business Library Classroom/Lab 4)
3:00-4:00     Form 40NR – Alabama Individual Income Tax Return*

Friday, March 14, 2014 (Bruno Business Library Classroom/Lab 4)
3:00-4:00     Form 40NR – Alabama Individual Income Tax Return*

Friday, April 11, 2014 (Bruno Business Library Classroom/Lab 4)
3:00-4:00     Form 40NR – Alabama Individual Income Tax Return*

If you need assistance preparing your 2013 tax return, you must attend one of these sessions. Please bring all tax and immigration documents (W-2, 1042-S, 1099, last year’s tax return, passport, etc.)

Forms 1040NR-EZ and 1040NR must be completed prior to completing the Alabama Individual Income Tax Return. These forms can be completed using the GLACIER Tax Prep program. You will be required to bring your federal income tax return to the Alabama seminar. Please contact Casey V. Jones at cvjones@fa.ua.edu with any questions.
2013 Resident Alien Tax Return Assembly

Instructions

Form 1040- Federal Return

- Sign page 2 of form 1040. If married filing joint, both spouses must sign.
- Attach all relevant forms. Ex: Form 2441, Form 8812, Form 8863
- Make a copy of form 1040 (2 pages only) to attach to your state tax return
- Make a copy of all tax forms that will be submitted to the IRS (these are for your records)
- Attach a copy of all W-2’s and 1042-S’s (if applicable)
- Mail return to: Department of the Treasury
  Internal Revenue Service Center
  Austin, TX 73301-0215

Form 40NR- Alabama State Return

- Sign page 1 of form 40NR. If married filing joint, both spouses must sign.
- Attach a copy of federal form 1040 (first 2 pages only)
- Make a copy of all tax forms that will be submitted to the ADOR (these are for your records)
- Attach a copy all W-2’s
- If you are due a refund, mail your return to:
  Alabama Department of Revenue
  P.O. Box 327469
  Montgomery, AL 36132-7469
- If you owe money with your return, complete form 40V, attach your payment and mail your return to:
  Alabama Department of Revenue
  P.O. Box 327469
  Montgomery, AL 36132-7469
User ID: cba\tax

Password: Alabama2014 (The password is case sensitive.)

Domain: CBA

Alabama Form 40NR

http://revenue.alabama.gov/incometax/2013_forms/13f40NR.pdf

Adjusted Gross Income (AGI)                      Federal Tax Liability

- Form 1040, Line 37                              Form 1040, Line 55
- Form 1040NR, Line 36                            Form 1040NR, Line 52
- Form 1040NR-EZ, Line 10                        Form 1040NR-EZ, Line 15

Alabama Form 40NR Checklist

- Sign page 1 of your form 40NR
- Attach a copy of your federal tax return
- Attach a copy of your W-2 form
- If you owe money, include form 40V and a check

Mail Form 40NR To:

Alabama Department of Revenue
P.O. Box 327469
Montgomery, AL 36132-7469
You are a few simple steps away from completing your U.S. federal tax forms in an easy and efficient way! Your institution has licensed GLACIER Tax Prep (“GTP”) to assist you in this process. Following is some information to assist you in getting started.

What documents and information do I need to have available BEFORE I login to GTP?
- Passport;
- Visa/Immigration Status information, including Form DS-2019 (if J status) or Form I-20 (if F status);
- Social Security Number or Individual Taxpayer Identification Number (if you have been assigned one);
- U.S. Entry and Exit Dates for current and all past visits to the U.S.; and
- Forms W-2, 1042-S and/or 1099 (if you received any).

How do I access GTP? You may access GTP via the internet from any computer in the world www.glacier-tax.com/login

- IF you used GTP last year or CINTAX in a prior year, simply enter your UserID and Password. If you do not remember your UserID and Password, select “Forgot Login” to receive an email with a link to reset your login information. The email will be sent instantly. If you do not receive it, please be sure to check your spam filter. Once you have successfully logged into GTP, you will be prompted to enter the one-time use Access Code assigned to you by your GTP Primary Contact. You must have a new Access Code for this new tax year.

- IF you did not use GTP last year (or CINTAX in a prior year) and this is your FIRST time logging into GTP this year, select “Create New Account.” You will then be prompted to enter the one-time use Access Code assigned to you by your GTP Primary Contact. Create your GTP User Account by selecting a Password and UserID. Be sure to remember your Password and UserID as you will use them to access GTP if you need to login again.

- If you need to modify or reprint your tax return, simply access GTP at www.glacier-tax.com/login using the Password and UserID you selected at the time you created your GTP User Account. Do not create a new account. To ensure that your information remains private and secure, DO NOT share your Password or UserID with anyone. Please use a valid and current email address. If you forget your Password and/or UserID, it can only be retrieved by you via an email to the email address in your GTP User Account. We do not sell or share your email address or any of your information with any third party.

What if I have trouble logging in? If you experience any issues while trying to set up your GTP User Account or login again, please select “Having Trouble Logging In” for assistance.

For how long is my GTP User Account accessible to me? You may use the one-time use Access Code only initially to set up your GTP User Account. Each time you return to GTP, you will use the Password and UserID you selected when you initially established your GTP User Account. In subsequent tax years, you may again access your GTP User Account to retrieve a copy of past tax returns and to enter the new tax year’s information. Please note that for each new tax year, you must obtain a new Access Code to reactivate your GTP User Account if you wish to complete a tax return for the new year. A new Access Code may be obtained from your institution (if it has purchased a GTP Group Use License) or directly from GTP by purchasing an Individual License.

How Can I Get Help? If you have questions:
- Select FAQ at the top of any screen;
- Click on More Info at the side of data entry screens to get specific information relating to the topic on that screen.
- Contact the GTP Support Center via the Help link at the top of any screen if you have a technical issue or question. You may then send a question, along with encoded information about your situation directly to the GTP Support Center. We will send a response to the email address in your GTP Record.

Please note that ALL questions are handled via the Help link; no phone calls regarding GTP Support are accepted.

We hope you find GLACIER Tax Prep simple to use and easy to understand!
NRA Tax Accountant Procedures

PERSONNEL ACTION PROCEDURES

- Each Monday morning, the Personnel Action Report/Nonresident Alien Job Assignment Report is automatically run by OIT. This report can be accessed by selecting the desktop icon entitled, “WS-FTP95 LE.”
  - Access to this report can be arranged by Susan Lee, slee@fa.ua.edu.
    - After selecting the icon, click “OK.”
    - Select the report name from the list on the left-hand side which includes the current date. Ex: “non_resident_~ 20080407”
    - Click the arrow that points to the left.
    - Exit the program.

- The report will automatically be placed in my “My Documents” folder, under subfolder “NRA.” Please note, the file will be saved as a comma delineated file instead of a standard Excel file.

- The file is sorted by activity date. Review all activity that has occurred since the last review of the file. This file is also used by the Human Resources and Capstone International to review other employment related issues. Therefore, it contains information not necessary relevant to taxes. Remove unnecessary information, and print list of those individuals who have had activity.

- Look in Windstar to see if the individual has had an up to date analysis, and determine if he/she has applied for tax treaty exemption.
  - Those highlighted in yellow require a tax analysis update.
  - Those highlighted in green require an initial tax analysis meeting.

- If treaty eligible, go to form PDADEDN, and exempt 001 federal income tax withholding. Activate appropriate exemption code (44, 45, 43), including the necessary country code and corresponding W-4 information. You may need to access the individual’s scanned file for W-4 details if not already loaded.
  - See Examples on Page 2.

- If not exempt, go to form PDADEDN to make sure the correct tax withholding is loaded. You might need to access the individual’s scanned W-4 and A-4.
  - See Example on Page 3.

- If the individual has not come to see you for a tax analysis, the default tax withholding rate is Single with zero exemptions. You will also need to send the individual the appropriate tax analysis email requesting that they schedule an appointment.

- Review FICA information, apply if necessary.
  - To activate or exempt FICA you would need to alter both deduction codes 015 and 021.
Example of screen PDADEDN for Individual Exempt under Income Tax Treaty

[Image of the screen PDADEDN for Individual Exempt under Income Tax Treaty]
Example of screen PDADEDN for Individual Not Exempt under Income Tax Treaty
ACCOUNTS PAYABLE PAYMENT PROCEDURES

- Check citizenship, Look at “Request for Independent Contractor Status Form” for citizenship. If U.S. citizen/Permanent Resident email “U.S. Citizen/Permanent Resident” and send through for processing. If unable to determine via paperwork, contact the dept who submitted paperwork or send email to the individual requesting citizenship verification.
  - If the individual is not a U.S. citizen or permanent resident and it is an expense reimbursement only, okay to pay. Email “Expense Reimbursement Only, Okay to pay.”
  - If the individual is not a U.S. citizen or permanent resident and a fee will be paid, additional information is required to process payment, potential tax liability. Must complete tax analysis. See Tax Analysis Procedures.

- If royalty payment for a nonresident, check to see if treaty exempt and a signed W8-BEN with a U.S. taxpayer identification number is obtained. Usually Allie Harper will email ahead of time to determine if we have a signed W8-BEN on file or if the payment will be treaty exempt. If treaty exempt, write “Treaty Exempt, 1042-S Reportable”, make copy and place in royalty payment folder. Some countries allow a reduced federal tax withholding as the treaty benefit. Review the tax analysis to determine if completely exempt or it taxed at a reduced rate.
  - If payments are not eligible for exemption, the payment is subject to 30% federal tax withholding, regardless of the amount of payment. Multiply the payment by 30%. Add a separate line item to reflect the federal tax withholding. The clearing account to be used is A-11004-100107-201202-600 (NRA Tax Account). See example in royalty folder. Make two copies, one for royalty folder and the other for the federal tax deposit file.
• If payment is an award or prize, follow same procedure as royalty payments. If not treaty exempt, which is usually the case, the payment is subject to 30% federal tax withholding. Usually will have to do an update tax analysis. Go to income screen and input award information then run analysis again.

• At the end of month, email Starr Deas stating the amount of 1042 federal income tax which needs to be deposited, debiting the clearing NRA tax clearing account. The amount to be deposited is determined from taxable scholarships, royalty, prize/awards, or I/C payments.
STUDENT RECEIVABLES EXCESS SCHOLARSHIP CREDIT PROCEDURES

- Scholarships posted to NRA student accounts that exceed the amount of qualified expenses posted are to be analyzed.

- Charlotte Rothermal, Catsy Smith or Geneva Dove in the Student Receivables Office will contact you periodically by campus mail, email, fax or phone to report that excess scholarship funds have been posted to a student’s account.

- I also do a check for nonqualified scholarships posted to individual student accounts at the beginning and end of each semester.
  
  o I review those individuals who may have treaty exempt scholarships by printing and reviewing those student accounts of individuals coded 15 on the Windstar Treaty Detail Report.
    - Student account information can be viewed on Banner screen TSICSrv.
  o I also review all individuals coded as student employees (C,D,E,K) on the weekly NRA Employment Assignment report.

- After identifying those students who have nonqualified scholarships posted to their student accounts, check their tax analysis information to determine their tax status, resident or nonresident alien.
  
  o If a resident alien, no withholding or reporting is required.
    - Resident alien students from China may still be eligible for tax treaty benefits. This will be noted in their tax analysis information, and their nonqualified scholarships will need to be tracked and reported.
  o If nonresident alien check to see if treaty exempt, and if the individual has the proper documentation to support treaty exemption.
    - If not treaty exempt, federal income tax will need to be withheld.

  - Review individual’s payroll assignment in Banner Screen NBAJOBS. If the individual is not currently employed, you may use a Prorated Portion of the Personal Exemption (2014- $3,950) to offset the amount nonqualified scholarship to be taxed.

- Download the student’s account information. Sum all of the scholarship/fellowship amounts, sum all of the qualified expense amounts, the difference will be the non-qualified expense portion. Reduce that amount by any applicable PRDA amount to determine your taxable base. The taxable base is then subject to 14% withholding. Look to see if there has been any previous federal tax withholdings for the calendar year. If so, subtract that amount to determine what amount needs to be withheld. Save the downloaded spreadsheet in the appropriate year and semester folder within the Tax Analyst Documents folder.

- Email Charlotte, Catsy or Geneva the amount of required withholding. These amounts should show up on the monthly TIDEBytes report.
**Monthly Graduate Council Fellowship Payments**

- Each month, Ashriul Mubin (amubin@ua.edu) from the Graduate School will send you an Excel file containing the Graduate Council Fellowship payments for the month.

- Check tax analysis information for those individuals marked as “international” to determine their tax status, resident or nonresident alien.
  - If a resident alien, no withholding or reporting is required.
  - If nonresident alien check to see if treaty exempt, and if the individual has the proper documentation to support treaty exemption.
    - If not treaty exempt, federal income tax will need to be withheld.
  - Review individual’s payroll assignment in Banner Screen NBAJOBS. If the individual is not currently employed, you may use a Prorated Portion of the Personal Exemption to offset the amount nonqualified scholarship to be taxed.

- Include the amount of tax which needs to be withheld on the OTAX line for each international individual. If no tax withholding is required, write a brief note next to the OTAX line explaining why. Do not indicate no withholding by using a zero.

- After notes and tax have been added send the altered file back to Ashriul Mubin for application to the student accounts.

- Update corresponding Excel worksheets for year-end 1042-S processing. I have been keeping a separate Graduate Council Fellowship spreadsheet, and then adding that information to the corresponding “Monthly Taxable/Exempt Student Receivables Scholarship” Excel file.

**Monthly Athletic Scholarship Payments**

- At the beginning of each semester, request the Athletic Scholarship List from Carol Lucas (CLucas@la.Ua.Edu). This list summarizes all of the scholarships that the Athletic Department intends to award during the semester.
  - If an international student is being awarded a scholarship, column “Int’l” should be marked “yes.” This is not monitored consistently by the Athletic Department, so it is best to double check this information.
  - Student Athletes receive scholarship money in two forms.
- Funds posted to theirs student account at the beginning of the semester to cover tuition, dining dollars, housing, and required fees.

- Monthly scholarship payments.

- After identifying all of the international students who will be receiving an Athletic Scholarship, process their student account information as described above in the General Student Receivables Scholarship information section.

  - Student athletes often receive large nonqualified scholarships. To avoid the financial strain of placing a large amount of tax on the student account at once, I have been dividing the amount of nonqualified scholarship by the number of months in the semester and applying the tax at the same time that I apply tax for their monthly athletic scholarships.

  - I have been calling this additional amount the “Taxable Benefit” and including the monthly portion in the master Athletic Scholarship file.

- Carol Lucas (CLucas@Ia.Ua.Edu) will send email when monthly athletic scholarships are ready for review. Go to https://ssb.ua.edu/pls/APEX_PROD/?p=144:1. After you login, select the appropriate type (Room and Board), term and month that is being processed. Use the “tax hold” filter to determine which athletes have a tax hold on them. Each month, all athletes with a visa type will automatically have a tax hold. Review the holds and release the hold after the tax status has been determined and applicable taxes added. Email Carol, Charlotte, and Sylvia once the tax holds have been removed.

- Update corresponding Excel worksheets for year-end 1042-S processing. I have been keeping a separate Athletic Scholarship spreadsheet, and then adding that information to the corresponding “Monthly Taxable/Exempt Student Receivables Scholarship” Excel spreadsheet.
TAX ANALYSIS PROCEDURES FOR INDEPENDENT CONTRACTORS, EMPLOYEES, SCHOLARSHIP, PRIZE/AWARD, OR ROYALTY PAYMENTS

- Determine whether the individual is a permanent resident, green card holder, resident alien or nonresident alien for tax purposes.
  - If permanent resident, green card holder or resident alien for tax purposes, treat like U.S. citizens. Get copies of supporting documents.
  - If nonresident alien a tax analysis is required.

- For those requiring a tax analysis, send Foreign National Information Form (FNIF) to individual or department. Request copies of all immigration documents, i.e. passport, visa, I-94 card, I-20 or DS-2019 (if applicable), U.S. taxpayer identification number. (*Foreign National Information Form.doc*)
  
  **Exhibit 1**

  - **Issues Specific to Independent Contractors**
    - If the individual is an independent contractor and is a J-1 scholar sponsored by another institution, we will also need a letter from that institution’s Responsible Officer authorizing payment. J-1 scholars are employer specific, meaning they can only perform services for the institution that sponsored them.
    
    - Most independent contractors are here under B1/B2 or VWT/VWB visa. The only documents they may have will be passport, visa & I-94 (white or green arrival/departure card). If here under this visa type, have to make sure the 9-5-6 rule is not broken. The activity that the individual will be performing at UA cannot last longer than 9 days, they cannot have received similar payments from more that 5 other institutions within the last 6 months.

- Once you receive the FNIF and copies of required documents back, or if individual is sent directly to office with form, double click Windstar Tax Navigator icon on desktop.

- Double-click “American flag in the shape of the United States” icon.
  
  ![Tax Navigator Link](Tax Navigator Link)

- Blue box Log in to Navigator appears:

  **User ID:** Moose  
  **Password:** 1555

- Program automatically opens to current tax year and individual screen. If you need another tax year select tax year and change.

- Check to see if individual is already in system, click on binoculars (find individual). Query by last name or Social Security Number.
• If not in system click “Add” and follow prompts on each tab: Basic Info, Personal Info, USA Address, Foreign Address, Country Info, Def. Income 1, Def. Income 2, Comments, and Personal Exempt Info. Click “OK” to save data. Examples of correctly completed screens can be found in the Tax Navigator Instruction Manuel.

• Make copies of all required immigration documentation.  Exhibit 2

• Go to visa detail screen, click, “Add” and input all visa information (complete first and last date in U.S – first date is the arrival day on I-94 card, last date is the date on I-20, DS-2019 or last day the individual will be in the U.S.  Click “OK” after each input. If B1/B2/VWT/VWB, you must answer the 3 questions on the right hand side of the screen. When you are finish inputting, click Substantial Presence Test (SPT) button. SPT information sheet, completed form W-4, and Form W-8BEN or W-9 (depending on residency status) will print for the individual.  Exhibit 3

• Go to Year Income screen.  Click the appropriate tab for the type of income being paid, self-employment for independent contractor payments, employment for UA employees, scholarship for scholarship/fellowship payments, prize/awards, or royalty, click “Change” and input requested data (amount being paid, occupations, or description of scholarship/award/prize).  Click “OK” to save data.

• Click Analysis screen, Tax Analysis Information Sheet will print. Form 8233 will also print if eligible for treaty exemption on wages or I/C income.  Exhibit 4 Form W-8BEN will print (part I and II complete) if treaty exempt scholarship, prize/awards, or royalty payments.  *A copy of Form W8-BEN will also print as part of the substantial presence test, but only part I will be complete.

- **Issues Specific to Independent Contractors**
  - If I/C payment is not treaty exempt, inform individual or department that payment is subject to 30% federal tax withholding.
  - For Independent Contractors present on B1/B2 or Visa Waiver, print B Honoraria statement for signature and file. (Word document: [B Honoraria Statement](#))  Exhibit 5

• **Form 8233**
  - Form is used to declare that all or a portion of an individual’s wages or scholarship income is exempt from federal income tax withholding.
  - Have individual sign the second and third page.
  - You will need to sign on the second page.
  - If exempt individual has applied for his/her social security number, but has not received it inform them that benefits will not begin until we have their social security number.  Let him/her sign forms requesting exemption but hold 8233 in file until we receive number.
  - If UA employee and they have not applied for a number, they should go to the Social Security Office with original documents and letter of employment to apply in person. Ask them to schedule an appointment after they receive their number or you may
complete the analysis just as above. Tell them it could take approximately 2-8 weeks to get their social security number. They may also contact Capstone International Services at 348-5402 for information on obtaining a social security number.

- Due to new immigration laws and procedures, the decision was made not to grant treaty benefits until we have a social security number on file for students, employees, scholarship recipients. It has taken some individual as long as 4 months to get a number. They will have to file for a refund on their tax returns if eligible for treaty benefits. If we do not have a number on file by the time we file 1042 tax, we would have to pay the taxes that should have been withheld, therefore it is in the best interest of UA not to grant treaty benefits until we have a number.

- Make two copies of form 8233. Give one copy to the exempt individual and fax the other one to the IRS.

- The original copy of the Form 8233 is scanned and filed alphabetically.

- **Form W-4**
  
  - Form W-4 should be completed by selecting the Single rate (this includes married individuals), 1 personal exemption, with “NRA” written to the left of line 6 for all nonresident with the exception of the following individuals:

    - *F-1 student from India*
    - *Individuals from, Canada, Mexico, South Korea, US Nationals or Somalia*

    Windstar program will print the appropriate withholding for these individual if the data is entered correctly.

    - Make a copy of the Form W-4 for the foreign national.

- **Form(s) W-8BEN**
  
  - Form W-8BEN will print for each individual who is a nonresident alien for tax purposes. Only Part I will be completed. NRA should sign the bottom of the form.

  - Form W-8BEN may also print if the NRA only has treaty exempt scholarship income. This version of the form will have both Parts I and II completed. Again, NRA should sign the bottom of the form.

  - Make a copy of the form for our records.

  - Give the original copy of the form to the NRA. This form can be used by the NRA as proof of their nonresident status, and is often requested by banks. Interest income is nontaxable to an NRA, and a bank may need to keep this form on file to verify the NRA status.
• **Form A-4**
  
  - Form A-4 is not generated by Windstar. A pdf copy of the form is saved on my computer. Complete the form requesting the individual’s name, address, and social security number. Print the form and have the employee sign.
    - Form A-4 need only to be completed at the initial tax analysis. The individual is not required to complete the form again as part of the annual tax analysis update.
    - The A-4 can be completed based on its instructions. However, those individuals that have a spouse or child without a Social Security Number should not include their information on the Form A-4, as they will not be able to include them on their income tax return.
    - Make a copy of the Form A-4 for the foreign national.
  
  • **Screen PDADEDN** is updated for each individual receiving wages from UA. This form must be loaded in order for treaty exemption and tax withholding to become effective.
    - For treaty exempt wages, select the appropriate treaty (044, 045, 043) deduction code, set the effective date, and ensure the status is active. Select the country code, include the number of exemptions, and place the number “1” next to the NRA line. Update the Federal Income Tax deduction code (001), and change its status to “Exempt.”
      - For all deduction codes, you may make the Effective Date the date following the “Last Paid Date.” This is typically the first day of the month.
    - For taxable wages, update the Federal Income Tax deduction code (001).
    - Update Alabama Income Tax deduction code (031) for all employees.
    - If it is necessary to apply FICA, update deduction codes 015, 021, and 022.
      - **FICA Information** – for employees, depending of the visa type and date of entry, the individual may be exempt from the social security tax. The tax analysis will determine this information. Check the appropriate line on the Payroll coversheet. Usually F-1/J-1 students, are exempt for 5 calendar years (NRA Exempt). F-1/J-1 students who have been in the U.S. for more than 5 years can still be exempt if they are enrolled at least half-time (Student Exempt). J-1 scholars are generally exempt for 2 calendar years (NRA Exempt). H1B, TN, or any other visa is not exempt from FICA/MQFE tax.
      - Examples of correctly completed screens are included at the end of this summary.
  
• **Scanned Foreign National Files**
  
  - Click on the Foreign National Information Folder located on the desktop. Create scanned document folder for individual.
  - Scan FNIF, documents, and withholding forms as one file, labeled in the following format (last name, first name, documents type, tax year), and copy to individual folder.
  
• Keep original 8233, W-8BEN, W-9 and Foreign National Information Form.
Screen PDADEDN (Not Exempt)
Screen PDIDLST (Payroll Deduction Summary Screen)