Onboard & Pay Foreign Suppliers/ Payees

REV00
Topics

• Review of Independent contractor service types
• Importance of Foreign Documentation
• Foreign Documentation Requirements
• Internal Revenue Service (IRS) and Immigration Form Review
Supplier Management Learning Plan

In this course, participants will learn about the new Supplier Management process. Participants will learn how to search for, request and register new suppliers in the Prime Marketplace. This course is recommended for anyone who requests or works with new suppliers, guests, limited engagements or honoraria.

In this course, participants will learn about onboarding and paying individual domestic suppliers. We will explain how to determine whether a supplier is an independent contractor, limited engagement or honoraria recipient. Using real-life scenarios we will discuss how to determine the appropriate supplier type and related forms.

Pre-Requisite: Onboard & Pay Domestic Individual Suppliers/ Payees

In this course, participants will learn about onboarding and paying foreign suppliers. We will explain the language related to the various statuses of foreign suppliers and the related implications for payments and taxability. Using real-life scenarios we will discuss how to determine the appropriate payment methods.
Foreign Supplier Management Online Process

Search

Request & Register
Req. Creator/Requestor submits a supplier/payee request in Prime Marketplace and provides Compliance and payment information and forms (as needed) on behalf of supplier/payee.

Review, Approve & Setup
Procurement Services reviews request creates supplier, and informs requestor.

Buy & Pay
Req. Creator creates requisition or non-PO payment request.

Supplier Updates
Once registered, Req. Creator/Requestor can update tax, demographic and payment information anytime.

Supplier Status
Req. Creator/Requestor can check registration status via Prime Marketplace.
Why Is this Important

• Buying and Paying – Obtain the core information needed in order to buy and pay individuals, organizations, and companies.

• Financial Stewardship – Ensure that University policy, regulatory and legal requirements are met e.g. tax status, visa status, insurance requirements.

• Procurement (Supplier) Analysis – Understand the procurement needs of the university in order to better leverage our buying power.
  • Number of suppliers providing similar goods/services.
  • Suppliers without a contract.
  • Improving our payment terms and methods.
Pain Points - What We’ve Heard From You

1. Figuring out the necessary paperwork for each type of supplier is difficult.

2. There are too many forms required. Why do you ask for so many? Do you really need all of them?

3. Once I understand the paperwork needed, I don’t understand how to fill out the forms/what sections need to be filled out.

4. Once the forms are filled out, I’m not sure at what part of the process they need to be submitted.
Services and Independent Contractors
## Individual Service Providers/Payees - Summary

### Independent Contractors

<table>
<thead>
<tr>
<th>Honorarium Acceptance Agreement</th>
<th>Limited Engagement Agreement</th>
<th>Independent Contractor Agreement</th>
</tr>
</thead>
</table>
| A **payment** of $2,500 or less offered for a volunteered academic service. **Academic in nature.**  
  - Individual may not perform a service for more than 9 days at one institution  
  - The 9 days only applies to a singular event  
  - May not receive payments from more than 5 institutions within the previous 6 month period | A fee of $5,000 or less for a service that occurs only one time or one time per year. **Academic in nature.** | A recurring service that is either **commercial or academic** in nature. |
| **Invoice provided?**  
No | **Invoice provided?**  
Yes | **Invoice provided?**  
Yes |
| **Agreement Required:**  
Honorarium Acceptance | **Agreement Required:**  
Limited Engagement Agreement | **Agreement Required:**  
Independent Contractor Agreement |
| **Transaction Method:**  
Non-PO Payment | **Transaction Method:**  
Non-PO Payment | **Transaction Method:**  
Requisition/Purchase Order |
### Individual Service Providers/Payees - Examples

#### Independent Contractors

<table>
<thead>
<tr>
<th>Honorarium Acceptance Agreement</th>
<th>Limited Engagement Agreement</th>
<th>Independent Contractor Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Typical Examples:</strong></td>
<td><strong>Typical Examples:</strong></td>
<td><strong>Typical Examples:</strong></td>
</tr>
<tr>
<td>• Guest lecturing, teaching,</td>
<td>• Academic guest speaker,</td>
<td>• Editorial/Manuscript/Web</td>
</tr>
<tr>
<td>consulting,</td>
<td>artist, or special lecturer</td>
<td>design service</td>
</tr>
<tr>
<td>• Conducting research</td>
<td>• Professional publication</td>
<td>• Graphic Design service</td>
</tr>
<tr>
<td>• Attending meetings,</td>
<td>manuscript reviewers and</td>
<td>• Speaker/Lecturer</td>
</tr>
<tr>
<td>symposia or seminars</td>
<td>editors</td>
<td>• Trainer; Workshop Facilitator</td>
</tr>
<tr>
<td>• Readings and performances</td>
<td>• Non-recurring seminar and</td>
<td>• Engineer consulting service</td>
</tr>
<tr>
<td>academic in nature, so long as</td>
<td>workshop leaders</td>
<td>• Research consulting service</td>
</tr>
<tr>
<td>the activity is open to the</td>
<td></td>
<td>• Photographer</td>
</tr>
<tr>
<td>public and/or students</td>
<td></td>
<td>• Dance/Yoga Instructor</td>
</tr>
<tr>
<td>without charge.</td>
<td></td>
<td>• Instrument Tuning &amp; Repair</td>
</tr>
</tbody>
</table>

---

**Honorarium Acceptance Agreement**

- Guest lecturing, teaching, consulting,
- Conducting research
- Attending meetings, symposia or seminars
- Readings and performances academic in nature, so long as the activity is open to the public and/or students without charge.

**Limited Engagement Agreement**

- Academic guest speaker, artist, or special lecturer
- Professional publication manuscript reviewers and editors
- Non-recurring seminar and workshop leaders

**Independent Contractor Agreement**

- Editorial/Manuscript/Web design service
- Graphic Design service
- Speaker/Lecturer
- Trainer; Workshop Facilitator
- Engineer consulting service
- Research consulting service
- Photographer
- Dance/Yoga Instructor
- Instrument Tuning & Repair
# Individual Service Providers/Payees - Other

## Non-Qualified Scholarships / Fellowships & Prizes

<table>
<thead>
<tr>
<th>Non-Qualified Scholarships</th>
<th>Non-Qualified Fellowships</th>
<th>Prizes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-service payments not required for</td>
<td><em>From real property held in the U.S.</em></td>
<td>An amount received primarily for recognition of educational achievements</td>
</tr>
</tbody>
</table>

**Typical Examples:**
- Reimbursement for travel
- Room and board
- Medical expenses
- Non-credited courses

**Typical Examples:**
- Reimbursement for travel
- Room and board
- Thesis Grants
- Book Binding
- Medical expenses
- Non-credited courses

**Typical Examples:**
- Class prize
<table>
<thead>
<tr>
<th>Individual Service Providers/Payees - Other</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Copyrights (Royalties)</strong></td>
</tr>
<tr>
<td><strong>Industrial Royalties</strong></td>
</tr>
<tr>
<td>The use or right to use</td>
</tr>
<tr>
<td>Typical Examples:</td>
</tr>
<tr>
<td>• Patents</td>
</tr>
<tr>
<td>• Trademarks</td>
</tr>
<tr>
<td>• Secret processes and formulas</td>
</tr>
<tr>
<td>• Goodwill</td>
</tr>
<tr>
<td>• Franchises</td>
</tr>
<tr>
<td>• Know-how</td>
</tr>
<tr>
<td>• Similar rights</td>
</tr>
<tr>
<td><strong>Real Property Income &amp; Natural Resources</strong></td>
</tr>
<tr>
<td>From real property held in the U.S.</td>
</tr>
<tr>
<td>Typical Examples:</td>
</tr>
<tr>
<td>• Ordinary rents for uses</td>
</tr>
<tr>
<td><strong>Other Royalties</strong></td>
</tr>
<tr>
<td>Paid for the use of</td>
</tr>
<tr>
<td>Typical Examples:</td>
</tr>
<tr>
<td>• Copyrights on books</td>
</tr>
<tr>
<td>• Periodicals</td>
</tr>
<tr>
<td>• Articles</td>
</tr>
<tr>
<td>• License fees (software programs or location of servers)</td>
</tr>
<tr>
<td>• Works of art</td>
</tr>
<tr>
<td>• Photographs</td>
</tr>
<tr>
<td>• Manuscripts</td>
</tr>
<tr>
<td><strong>Motion Picture or Television</strong></td>
</tr>
<tr>
<td>Paid for the use of</td>
</tr>
<tr>
<td>Typical Examples:</td>
</tr>
<tr>
<td>• Motion picture copyright</td>
</tr>
<tr>
<td>• Television copyright</td>
</tr>
</tbody>
</table>
Individual Supplier/ Payee Agreement Decision Tree

Is the service provider an individual?
- No: Follow the process for an Entity
- Yes: Is the service provider an employee?
  - Yes: Payments made via Payroll
  - No: Is the service academic in nature and infrequent?
    - Yes: Honorarium Agreement
    - No: Is there a legal requirement for payment?
      - Yes: Limited Engagement Agreement
      - No: Independent Contractor Agreement

Is the service a specialized agreement?
- No: Entertainment, Works for Hire, Licensing
- Yes: Limited Engagement Agreement

Is there a legal requirement for payment?
- Yes: Honorarium Agreement
- No: Independent Contractor Agreement
Importance of Foreign Documentation
## Form Requirements

<table>
<thead>
<tr>
<th>Visa Type</th>
<th>For Individual Payees</th>
<th>For Entities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Supplier Management Form</td>
<td>Supplier Management Form</td>
</tr>
<tr>
<td></td>
<td>Independent Contractor Agreement</td>
<td>Independent Contractor Agreement</td>
</tr>
<tr>
<td></td>
<td>Limited Engagement Agreement</td>
<td>Limited Engagement Agreement</td>
</tr>
<tr>
<td></td>
<td>Honorarium Acceptance Form</td>
<td></td>
</tr>
<tr>
<td></td>
<td>W-8BEN</td>
<td>W-8BEN-E</td>
</tr>
<tr>
<td></td>
<td>Substantial Presence Test</td>
<td></td>
</tr>
<tr>
<td></td>
<td>I-94 or U.S. Entry Stamp</td>
<td></td>
</tr>
<tr>
<td>WB/WT</td>
<td>Visa ESTA Application Confirmation</td>
<td></td>
</tr>
<tr>
<td>F-1 OPT</td>
<td>Form I-20</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Work Authorization Form</td>
<td></td>
</tr>
<tr>
<td>J-1</td>
<td>Form DS-2019</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Letter from Responsible Officer</td>
<td></td>
</tr>
</tbody>
</table>

**Note:** The only optional form is for individuals – Form 8233
Reasons Documentation is Required for Foreign Individuals

• Visa type determines an individual’s eligibility to receive specific types of payments (restrictions apply to certain Visa types)

• An individual may have his/her Visa revoked and Princeton may be penalized if they are paid incorrectly

• Princeton must justify that all services provided are accurately paid and taxed accordingly

• U.S and foreign governments require that specific documentation is collected based on the type of service provided and location of the service

• Each foreign individual service has tax implications that need to be considered

• Tax withholding depends on tax status and location of where service is performed
Possible Reasons for Onboarding/Payment Delays

• Visa type discrepancy
• Missing or incomplete documentation
• Individual or Entity is on the Sanctions list
• Invalid W-8BEN or W-8BEN-E
• Authorization not provided by Responsible Officer (J-1)
• Incorrect payment type requested
• Government requirements conflict with U.S. guidelines for services performed outside the U.S.
Tax Information

• Homeland Security (IRS, U.S. Immigration, and Department of Treasury) dictates taxation rules, treaty eligibility, and work authorizations

• Documentation is required and necessary to determine tax withholdings
Who Can the University Pay?

• Before entering into an agreement with a foreign national guest, speaker, or entity, determine whether or not it is legal to pay the individual or entity.

See Non-Resident Alien (NRA) Legal-to-Pay Guidelines
Identifying Foreign Documentation Requirements
Foreign Service Considerations

Independent Contractor

Requirements vary based on location of the service

Service provided inside the U.S.

Service provided outside the U.S.
Questions to Consider with Foreign Suppliers – Service performed **inside** the U.S.

<table>
<thead>
<tr>
<th>Question</th>
<th>Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. What type of Visa does the supplier/payee have?</td>
<td>Visa type will determine whether the service is eligible for payment</td>
</tr>
<tr>
<td>2. How long is the service for (not the length of stay - 1 month, 6 months, 1 year, etc.)?</td>
<td>Length of service is directly related to the type of payment allowed</td>
</tr>
</tbody>
</table>
| 3. What is the supplier/payee’s country of citizenship and residence?   | If country of citizenship and residence are different, stop and contact Karen Murphy Gordon. This may impact:  
  - A tax treaty claim  
  - The type of visa required for travel |
| 4. Has the supplier/payee been issued a U.S. Social Security Number (SSN) or International Taxpayer Identification Number (ITIN)? If yes, will the supplier be applying for a tax treaty exemption? | The SSN or ITIN is must be valid. If applying for tax treaty, the IRS should receive the Form 8233 as early as possible to limit delay of payment |
Questions to Consider with Foreign Suppliers – Service performed **outside** of the U.S.

<table>
<thead>
<tr>
<th>Question</th>
<th>Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1</strong> How long is the service for (not the length of stay - 1 month, 6 months, 1 year, etc.)?</td>
<td>Length of service is directly related to the type of payment allowed. This may conflict with the foreign government’s regulations (employee status or paying into retirement services).</td>
</tr>
<tr>
<td><strong>2</strong> What is the supplier/payee’s country of citizenship and residence?</td>
<td>If country of citizenship and residence are different, stop and contact Karen Murphy Gordon.</td>
</tr>
<tr>
<td><strong>3</strong> Will Princeton be using a Preferred Employment Organization (PEO) or institutional payment for payment to the supplier/payee? If not, are they an independent contractor?</td>
<td>Princeton does not facilitate foreign payroll. If the individual is deemed an employee (where the service is being conducted), we must hire a PEO or use an institution to perform these services on our behalf.</td>
</tr>
</tbody>
</table>

Required forms will help answer these questions.
Independent Contractors & Scenarios
Foreign Honorarium Defined with Parameters

• An Honorarium is a one-time payment made for an academic activity or service for which fees are not traditionally required, payments for volunteered services unrelated to an individual's official duties, or payments granted in recognition of an academic activity conducted for the benefit of the University’s mission.

• Usage guidance:
  • A payment made voluntarily to a non-employee (including students)
  • Payment may not be given to University faculty, staff, or students.
  • A payment made as a thank you or sign of respect, to “honor” the recipient with no legal liability or obligation to make the payment
  • Value of the payment is $2500 or less
  • Funding source is not from a federally sponsored project
  • Payment is made to the individual performing the service, not to third parties

• Individual may not perform the service for more than 9 days at one institution; it only applies to the event.

• May not receive payment from more than 5 institutions within the previous 6 months.

• Individual must attest to the statement on the Honorarium Acceptance Form confirming they meet the criteria of the honorarium.
Foreign Individual Payee: Scenario 1 - Honorarium

Scenario 1

A department would like to recognize a guest for giving a lecture. This recognition is an expression of gratitude for the event and is not required as a contingency for the speaker to come to Princeton. The gift will be for $2400.

The guest lecturer is on a WB Visa. His country of residence and citizenship are both from the U.K. He will be presenting for 2 days.
Service Provider Documentation Requirements

Honorarium Acceptance Agreement
(Service performed inside the U.S.)

At Time of Request
Individuals Only
• Honorarium Acceptance Form or W-8BEN
• Copy of Visa*
• Form 8233 (optional)

At Time of Payment
Individuals Only
• Honorarium Acceptance Form (re-uploaded)
• Substantial Presence Test
• I-94
• Form 8233 (optional)
• Supporting documentation

• WB/B1 visa holder must receive the invitation prior to arriving in the U.S
• WT/B2 visa holders must be present in the U.S. prior to receiving an invitation to be paid an honorarium
• *WB/WT - ESTA application confirmation or US entry stamp is an acceptable alternative

Special Requirement for F and J visa holders
• I-20 with Optional Practical Training (OPT) and Employment Authorization Card
• DS-2019 and authorization letter from responsible office

Transaction Method: Non-PO Payment Request
Service Provider Documentation Requirements

Honorarium Acceptance Agreement
(Service performed outside the U.S.)

At Time of Request
Individuals Only

• Honorarium Acceptance Form or W-8BEN

At Time of Payment
Individuals Only

• Honorarium Acceptance Form (re-uploaded)
• Supporting documentation

Transaction Method: Non-PO Payment Request
Foreign Individual Payee: Scenario 2 – Limited Engagement

Scenario

A department is going to pay an industry leader to facilitate a workshop for over 10 days at Princeton. Payment for this workshop will be $4800 and the facilitator is not a US citizen.

The industry leader is a citizen of Italy and a resident of Mexico. He will be traveling on a WB visa from Mexico and will be requesting a treaty exemption.
# Service Provider Documentation Requirements

**Limited Engagement Agreement**
(Service performed **inside** the U.S.)

<table>
<thead>
<tr>
<th>At Time of Request</th>
<th>At Time of Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Individuals or Entities</strong></td>
<td><strong>Individuals or Entities</strong></td>
</tr>
<tr>
<td>- Supplier/Payee Management Form</td>
<td>- Limited Engagement Agreement</td>
</tr>
<tr>
<td>- W-8BEN</td>
<td>- I-94</td>
</tr>
<tr>
<td>- Copy of Visa</td>
<td>- Form 8233 (optional)</td>
</tr>
<tr>
<td>- Form 8233 (optional)</td>
<td>- Supporting Documentation</td>
</tr>
</tbody>
</table>

*Note: WB/B1 visa holder must receive the invitation prior to arriving in the U.S.*

*Note: Substantial Presence Test is not needed because it’s part of the Limited Engagement Agreement*
# Service Provider Documentation Requirements

## At Time of Request

**Individuals or Entities**
- Supplier/Payee Management Form
- W-8BEN
- Limited Engagement Agreement*

*Additional review may be needed for contracts over 2 months

## At Time of Payment

**Individuals or Entities**
- Limited Engagement Agreement (Re-uploaded)
- Supporting Documentation

**Note:** Substantial Presence Test is not needed because it’s part of the Limited Engagement Agreement

---

**Limited Engagement Agreement**
(Service performed outside the U.S.)

**Transaction Method:** Non-PO Payment Request
Foreign Individual Payee: Scenario 3 – Independent Contractor

Scenario

An academic department would like to pay an individual for specialized editorial and web design work that will take approximately 2 weeks to complete. She will be paid $7,500 at the completion of the project and has her own business. The department can’t verify if this will be a one-time event or if they will need to hire her again in the future.

This service provider is not a US citizen and not an employee. She is a citizen and resident of China and will be traveling on a B-1 Visa. She has indicated that she has an ITIN and would like to apply for the tax treaty exemption.
## Service Provider Documentation Requirements

### At Time of Request

**Individuals**
- Supplier/Payee Management Form
- W-8BEN
- Proof of Insurance
- Copy of Visa
- Form 8233 (optional)

**Entities**
- Supplier/Payee Management Form
- W-8BEN-E
- Proof of Insurance

**Note:** Visa is not required for entities
WB/B1 visa holder must receive the invitation prior to arriving in the U.S

### At Time of Payment

**Individuals**
- Independent Contractor Agreement
- Substantial Presence Test
- I-94
- Form 8233 (optional)
- If >$5,000, Sole Source Justification or evidence of 3 bids

**Entities**
- If >$5,000, Sole Source Justification or evidence of 3 bids

### Independent Contractor Agreement
(Service performed **inside** the U.S.)

**Transaction Method:** Requisition / Purchase Order
Service Provider Documentation Requirements

**Independent Contractor Agreement**
(Service performed outside the U.S.)

<table>
<thead>
<tr>
<th>At Time of Request</th>
<th>At Time of Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Individuals</strong></td>
<td><strong>Individuals</strong></td>
</tr>
<tr>
<td>• Supplier/Payee Management Form</td>
<td>• Independent Contractor Agreement*</td>
</tr>
<tr>
<td>• W-8BEN</td>
<td>• If &gt;$5,000, Sole Source Justification or evidence of 3 bids</td>
</tr>
<tr>
<td>• Proof of Insurance</td>
<td></td>
</tr>
<tr>
<td>• Independent Contractor Agreement*</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Entities</strong></th>
<th><strong>Entities</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Supplier/Payee Management Form</td>
<td>• If &gt;$5,000, Sole Source Justification or evidence of 3 bids</td>
</tr>
<tr>
<td>• W-8BEN-E</td>
<td></td>
</tr>
<tr>
<td>• Proof of Insurance</td>
<td></td>
</tr>
</tbody>
</table>

*Additional review may be needed for contracts over 2 months

**Note:** Visa is not required

Transaction Method: Requisition / Purchase Order
Non-Qualified Scholarships/Fellowships

• Determination is based on where the scholarship/fellowship is being utilized
• Must be a student at an educational institution
• Must have a valid student Visa (F, J, M Q)

Note: Non-qualified scholarships/fellowships are not paid to non-Princeton students that reside outside of the U.S.
Non-Qualified Scholarships/Fellowships

Expenses not required for enrollment or attendance at an educational institution

Examples:

- Room and board
- Travel
- Research
- Clerical help
- Equipment
Service Provider Documentation Requirements

<table>
<thead>
<tr>
<th>Non-Qualified Scholarships/Fellowships</th>
<th>Royalties/Copyrights</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>At Time of Request</strong></td>
<td><strong>At Time of Request</strong></td>
</tr>
<tr>
<td>• Supplier/Payee Management Form</td>
<td>• Supplier/Payee Management Form</td>
</tr>
<tr>
<td>• Copy of Visa</td>
<td>• W-8BEN (Individual) or W-8BEN-E (Entity)</td>
</tr>
<tr>
<td>• Copy of I-20 or DS-2019</td>
<td><strong>At Time of Payment</strong></td>
</tr>
<tr>
<td><em>Note</em>: A new supplier request is not required for Princeton sponsored scholarships/fellowships. PU active students are already in Prime Financials.</td>
<td>• Supporting documentation</td>
</tr>
</tbody>
</table>

**At Time of Payment**
- Substantial Presence Test
- I-94
- Supporting documentation

Transaction Method: Non-PO Payment Request
# Service Provider Documentation Requirements

<table>
<thead>
<tr>
<th>Prizes (Non-Princeton)</th>
<th>Student enrolled in U.S. Institution</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>At Time of Request</strong></td>
<td><strong>Individuals Only</strong></td>
</tr>
<tr>
<td></td>
<td>• Supplier/Payee Management Form</td>
</tr>
<tr>
<td></td>
<td>• W-8BEN</td>
</tr>
<tr>
<td></td>
<td>• Visa</td>
</tr>
<tr>
<td></td>
<td>• F1 needs I-20 and I-94</td>
</tr>
<tr>
<td></td>
<td>• J1 needs DS-2019 and I-94</td>
</tr>
<tr>
<td><strong>At Time of Payment</strong></td>
<td>• Substantial Presence Test</td>
</tr>
<tr>
<td></td>
<td>• I-94</td>
</tr>
<tr>
<td></td>
<td>• Supporting documentation</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Prizes (Non-Princeton)</th>
<th>Student enrolled outside the U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>At Time of Request</strong></td>
<td><strong>Individuals Only</strong></td>
</tr>
<tr>
<td></td>
<td>• Supplier/Payee Management Form</td>
</tr>
<tr>
<td></td>
<td>• W-8BEN</td>
</tr>
</tbody>
</table>

| **At Time of Payment** | • Supporting documentation         |
| Note: A new supplier request is not required for Princeton sponsored scholarships/fellowships. PU active students are already in Prime Financials. |

Transaction Method: Non-PO Payment Request
Required and Optional Forms
Onboarding & Payment Form Types

Forms Generated and Required by the IRS

• Substantial Presence Test ( pared down to simplify completion) 
• W-8 (W-8BEN/W-8BEN-E) 
• I-94 
• Visa Documents

IRS Forms

• Form 8233 (optional) 
• I-20 
• DS-2019
Substantial Presence Test

Purpose

• A calculation that determines the tax status of a foreign individual for tax reporting purposes in the U.S.

• To meet the requirements of the test, you must be physically present in the U.S.:
  • Less than 183 days during a three-year period that includes the current and two previous calendar years
    • at least 31 days during the current calendar year; and
    • 1/3 of the days you were present the year before that, and
    • 1/6 of the days you were present during the year before that.
  • There is a calculation exception for Individuals on an F, J, M or Q visa
Form W-8BEN

Purpose

The foreign equivalent of the W-9 which certifies the foreign status of an individual

• The most current form must be used as soon as it is published
  • A Social Security Number (SSN) or International Taxpayer Identification Number (ITIN) is not required to complete form

• Form can be used to apply for tax treaty exemption on royalty payments but a SSN or ITIN is required

• Form must be signed in the year the contract started

• Valid for 3 years from signature date

• If a U.S. address is entered, an explanation must be provided
W-8BEN-E

Purpose

The foreign equivalent of the W-9 for entities

• The most current form must be used as soon as it is published
  • An Employer Identification Number (EIN) is not required to complete the form

• An EIN is required if the form is used to apply for tax treaty exemption on royalty payments

• Must be signed in the year the contract started

• Valid for 3 years from signature date

• If a U.S. address is entered, an explanation must be provided
Form 8233

Purpose

To apply for tax treaty exemption on compensation for services

- A U.S. issued SSN or ITIN is required to complete form
- Form must be signed in the year payment will be processed
- The most current form must be used as soon as it is published
- All applicable lines must be completed
- The form is valid for 1 calendar year and is submitted to the Internal Revenue Service (IRS)
  - Tax treaty will be valid 10 business days after the IRS receives the form
Guidelines for Filling out Forms

• The most current form must be used as soon as it is published
• Name should be consistent across all submitted forms
• Dates must be the same, where appropriate, across all submitted forms
• Signatures on W-8 and 8233 forms must be handwritten (duplications or photocopies are acceptable)
• An explanation must be provided as to why there is a U.S. address listed on a W-8 form, if applicable
• The Form 8233 must have a valid U.S. issued SSN or ITIN and all applicable lines must be completed.
Wrap-Up and Help
Summary of Key Things to Know

• The Visa is important and provides guidance on what duties/services the individual is eligible to perform while in the U.S.

• Location, Location, Location – Documentation requirements vary based on where the service or item is taking place

• Homeland Security (Immigration, IRS, and Department of Treasury) provide the guidelines we must adhere to when paying foreign individuals/entities
## Helpful Links

<table>
<thead>
<tr>
<th>Resource</th>
<th>Contact Information / Website Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Google Translate</td>
<td><a href="https://translate.google.com/">https://translate.google.com/</a></td>
</tr>
<tr>
<td>Resource to individuals for current and historical U.S. arrival information (I-94)</td>
<td><a href="http://www.cbp.gov/I94">www.cbp.gov/I94</a></td>
</tr>
</tbody>
</table>
# Additional Information and Help

<table>
<thead>
<tr>
<th>Resource</th>
<th>Contact Information / Website Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Service Center - General onboarding/paying questions</td>
<td>609-258-3080&lt;br&gt;<a href="mailto:finance@princeton.edu">finance@princeton.edu</a></td>
</tr>
<tr>
<td>Karen Murphy-Gordon - Business specific guidance and support</td>
<td>609-258-3734&lt;br&gt;<a href="mailto:ntcr@princeton.edu">ntcr@princeton.edu</a></td>
</tr>
</tbody>
</table>
Thank you!
Appendices
Substantial Presence Test

2016

Substantial Presence Test

Contact Information

<table>
<thead>
<tr>
<th>FIRST NAME</th>
<th>MIDDLE INITIAL</th>
<th>LAST NAME</th>
<th>CURRENT ARRIVAL DATE</th>
</tr>
</thead>
</table>

Are you a lawful permanent resident of the United States? (Do you have a “green card”?)

☐ Yes  ☐ No

Will you be physically present in the United States on at least 31 days during 2016?

☐ Yes  ☐ No

Presence History

List days present in the United States for the past six years. Even if you were only in the United States for one day in any calendar year you MUST list it here. If you were not present in the United States in a given year then enter 0 Days Present.

<table>
<thead>
<tr>
<th>DAYS PRESENT 2016</th>
<th>VISA TYPE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DAYS PRESENT 2015</th>
<th>VISA TYPE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Substantial Presence Test

Were you in the United States under any other visa between 1986 and 2013? If so, enter number of days present and visa type.

<table>
<thead>
<tr>
<th>Year</th>
<th># Of Days</th>
<th>Visa Type</th>
<th>Year</th>
<th># Of Days</th>
<th>Visa Type</th>
<th>Year</th>
<th># Of Days</th>
<th>Visa Type</th>
<th>Year</th>
<th># Of Days</th>
<th>Visa Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td></td>
<td></td>
<td>2006</td>
<td></td>
<td></td>
<td>1999</td>
<td></td>
<td></td>
<td>1992</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td></td>
<td></td>
<td>2000</td>
<td></td>
<td></td>
<td>1993</td>
<td></td>
<td></td>
<td>1986</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Signature

I certify that the information provided above is true and that I am subject to penalties for perjury if false. In addition, I agree to notify the payroll office immediately if my current visa type or estimated days present in 2016 changes.

NAME (PRINT NAME) | DATE | SIGNATURE

Send the signed form to Nonresident Tax Compliance and Reporting, 701 Carnegie Center, Suite 443. Questions? Contact the Financial Service Center at (609) 258-3080, or email finance@princeton.edu.
Form W-8BEN

Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding and Reporting (Individuals)

For use by individuals. Entities must use Form W-8BEN-E.

Information about Form W-8BEN and its separate instructions is at www.irs.gov/formw8ben.

Give this form to the withholding agent or payer. Do not send to the IRS.

Do NOT use this form if:
- You are NOT an individual
- You are a U.S. citizen or other U.S. person, including a resident alien individual
- You are a beneficial owner claiming that income is effectively connected with the conduct of trade or business within the U.S. (other than personal services)
- You are a beneficial owner who is receiving compensation for personal services performed in the United States
- A person acting as an intermediary

Instead, use Form:
- W-8BEN-E
- W-9
- W-8ECI
- 8233 or W-4
- W-8IMY

Part I Identification of Beneficial Owner (see instructions)

1 Name of individual who is the beneficial owner

2 Country of citizenship

3 Permanent residence address (street, apt. or suite no., or rural route). Do not use a P.O. box or in-care-of address.

City or town, state or province. Include postal code where appropriate.

4 Mailing address (if different from above)

City or town, state or province. Include postal code where appropriate.

5 U.S. taxpayer identification number (SSN or ITIN), if required (see instructions)

6 Foreign tax identifying number (see instructions)

7 Reference number(s) (see instructions)

8 Date of birth (MM-DD-YYYY) (see instructions)

Part II Claim of Tax Treaty Benefits (for chapter 3 purposes only) (see instructions)

9 I certify that the beneficial owner is a resident of _______________ within the meaning of the income tax treaty between the United States and that country.

10 Special rates and conditions (if applicable—see instructions): The beneficial owner is claiming the provisions of Article ____________ of the treaty identified on line 9 above to claim a ____________% rate of withholding on (specify type of income):

Explain the reasons the beneficial owner meets the terms of the treaty article:
Form W-8BEN (continued)

Part III Certification

Under penalties of perjury, I declare that I have examined the information on this form and to the best of my knowledge and belief it is true, correct, and complete. I further certify under penalties of perjury that:

- I am the individual that is the beneficial owner (or am authorized to sign for the individual that is the beneficial owner) of all the income to which this form relates or am using this form to document myself as an individual that is an owner or account holder of a foreign financial institution,
- The person named on line 1 of this form is not a U.S. person,
- The income to which this form relates is:
  (a) not effectively connected with the conduct of a trade or business in the United States,
  (b) effectively connected but is not subject to tax under an applicable income tax treaty, or
  (c) the partner’s share of a partnership’s effectively connected income,
- The person named on line 1 of this form is a resident of the treaty country listed on line 9 of the form (if any) within the meaning of the income tax treaty between the United States and that country, and
- For broker transactions or barter exchanges, the beneficial owner is an exempt foreign person as defined in the instructions.

Furthermore, I authorize this form to be provided to any withholding agent that has control, receipt, or custody of the income of which I am the beneficial owner or any withholding agent that can disburse or make payments of the income of which I am the beneficial owner. I agree that I will submit a new form within 30 days if any certification made on this form becomes incorrect.

Sign Here

Signature of beneficial owner (or individual authorized to sign for beneficial owner) ____________________________ Date (MM-DD-YYYY) ____________________________

Print name of signer ____________________________ Capacity in which acting (if form is not signed by beneficial owner) ____________________________

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 25047Z Form W-8BEN (Rev. 2-2014)
W-8BEN-E

Review of W-8BEN-E form

This exemption is applicable for compensation for calendar year __________, or other tax year beginning __________________ and ending __________________.

**Part I** Identification of Beneficial Owner (See instructions.)

<table>
<thead>
<tr>
<th>1. Name of individual who is the beneficial owner</th>
<th>2. U.S. taxpayer identifying number</th>
<th>3. Foreign tax identifying number, if any (optional)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4. Permanent residence address (street, apt. or suite no., or rural route). **Do not use a P.O. box.**

<table>
<thead>
<tr>
<th>City or town, state or province. Include postal code where appropriate.</th>
<th>Country (do not abbreviate)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5. Address in the United States (street, apt. or suite no., or rural route). **Do not use a P.O. box.**

<table>
<thead>
<tr>
<th>City or town, state, and ZIP code</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

**Note:** Citizens of Canada or Mexico are not required to complete lines 7a and 7b.

6. U.S. visa type

<table>
<thead>
<tr>
<th>7a. Country issuing passport</th>
<th>7b. Passport number</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

8. Date of entry into the United States

<table>
<thead>
<tr>
<th>9a. Current nonimmigrant status</th>
<th>9b. Date your current nonimmigrant status expires</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

10. If you are a foreign student, trainee, professor/teacher, or researcher, check this box.

**Caution:** See the Line 10 instructions for the required additional statement you must attach.

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 02292K

Form 8233 (Rev. 3-2009)
Part II  Claim for Tax Treaty Withholding Exemption and/or Personal Exemption Amount

11 Compensation for independent (and certain dependent) personal services:
   a Description of personal services you are providing
   b Total compensation you expect to be paid for these services in this calendar or tax year $ 

12 If compensation is exempt from withholding based on a tax treaty benefit, provide:
   a Tax treaty and treaty article on which you are basing exemption from withholding
   b Total compensation listed on line 11b above that is exempt from tax under this treaty $ 
   c Country of permanent residence

Note: Do not complete lines 13a through 13c unless you also received compensation for personal services from the same withholding agent.

13 Noncompensatory scholarship or fellowship income:
   a Amount $ 
   b Tax treaty and treaty article on which you are basing exemption from withholding
   c Total income listed on line 13a above that is exempt from tax under this treaty $ 

14 Sufficient facts to justify the exemption from withholding claimed on line 12 and/or line 13 (see instructions)

Note: Lines 15 through 18 are to be completed only for certain independent personal services (see instructions).
Form 8233, Page 2 continued

15 Number of personal exemptions claimed

16 How many days will you perform services in the United States during this tax year?

17 Daily personal exemption amount claimed (see instructions)

18 Total personal exemption amount claimed. Multiply line 16 by line 17

Part III Certification

Under penalties of perjury, I declare that I have examined the information on this form and to the best of my knowledge and belief it is true, correct, and complete. I further certify under penalties of perjury that:

- I am the beneficial owner (or am authorized to sign for the beneficial owner) of all the income to which this form relates.
- The beneficial owner is not a U.S. person.
- The beneficial owner is a resident of the treaty country listed on line 12a and/or 13b above within the meaning of the income tax treaty between the United States and that country.

Furthermore, I authorize this form to be provided to any withholding agent that has control, receipt, or custody of the income of which I am the beneficial owner or any withholding agent that can disburse or make payments of the income of which I am the beneficial owner.

Sign Here

Part IV Withholding Agent Acceptance and Certification

Name

Address (number and street) (include apt. or suite no. or P.O. box, if applicable.)

City, state, and ZIP code

Employer identification number

Signature of withholding agent

Date

Form 8233 (Rev. 3-2009)
Additional Forms

- **I-20** - F-1 Visa Students will receive this form if they have been accepted into an academic or language school and will attend school in F-1 status - Certificate of Eligibility for Nonimmigrant (F-1) Student Status – For Academic and Language Students

- **Nexus Card** - documents for land, sea, and air travel between the U.S. and Canada border.

- **I-94** - Arrival/Departure Card

- **WB/WT** - Visa Waivers for Business/Tourist

- **DS-2019** - students who receive a J-1 visa/status are required to have this certificate of eligibility