Payments to Nonresident Aliens (NRAs) and Foreign Entities Who are ‘Legal to Pay’

Note: Prior to entering into an arrangement, departments are expected to determine whether it is legal to pay the NRA or foreign entity (see Legal-to-Pay Guidelines)

- **What is the payment for?**
  - Honoraria & Services
  - Prizes & Awards
  - Purchase of products, licenses, or rights

- **Licenses or Rights:** To use intellectual property require a Form W-8 (BEN, ECI, IMY or EXP) and are subject to 30% withholding.

- **Purchase of Product:** Follow normal purchasing policies & procedures with the exception of the document requirement for licenses and rights referenced above.

- **Services performed outside the U.S.** are not subject to U.S. tax withholding or reporting. Requires the following documentation:
  - Detailed invoice stating exact location where the services were performed.
  - Form W-8 (BEN, ECI, IMY or EXP)

- **Is the service being performed in the U.S.?**
  - Yes
  - **Legal documentation must be attached in order to process the payment request:**
    - **Individuals:** Require copy of visa, passport, and I-94. In lieu of an I-94 for WT/WB visa holders, a U.S. entry stamp showing specific visa information.
    - **Entities:** Require completed Form W-8 (BEN, ECI, IMY, or EXP). NOTE: Departments should request this form to be completed when contracting for service.

- **No**
  - **Without proper legal documentation, no payment can be made.**

A foreign person is subject to a U.S. tax of 30%. A reduced rate may be applied if there is a tax treaty between the foreign person’s country of residence and the United States. If a tax treaty applies:
- **Individuals:** Must provide completed IRS Form 8233 (must have a U.S. SSN or ITIN prior to filing)
- **Entities:** Must provide completed IRS Form W-8 (BEN, ECI, IMY or EXP) and have a U.S. EIN prior to filing
- Tax treaty benefits will vary depending upon treaty analysis for each payment.

**Documentation Required for Honoraria**

For all honoraria requests: Require Princeton University’s “Honorarium Acceptance” Form and Princeton University’s Substantial Presence Test (Form SPT).

For F1 Visas only: Require copy of I-20 (page 1 & 3) for individuals on Optional Practical Training (OPT) or Curricular Practical Training (CPT). Provide a copy of the Employment Authorization Document (EAD) for individuals on OPT.

For J1 visas only: Require a letter from the responsible officer from the payee’s sponsored institution authorizing the activity and copy of DS-2019


General questions, please contact Financial Service Center at 609-258-3080

Updated on: 1-7-2014