



**COLORADO
COLLEGE**

Office of Finance & Administration
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Frequently Asked Questions for Faculty and Staff Paying International Visitors

1. What is a nonresident alien?

Nonresident alien is a tax status of a foreign national that is temporarily in the United States. An individual is either considered a resident alien or nonresident alien for tax purposes. The terms resident alien and nonresident alien do not have any impact on an individual's immigration status.

2. What is Sprintax Tax Determination System (TDS)?

The Colorado College Finance Office uses the Sprintax TDS software to support the nonresident alien visitors at Colorado College. The TDS software provides all required tax forms for foreign individuals earning income (employment, honorariums, scholarships, awards, royalties, etc.) during their time in the United States including Form W-4 and the forms required for an individual to claim any tax treaty benefits they may be eligible for. The [Tax and Compliance Manager](#) recommends all foreign visitors at Colorado College establish and maintain a TDS record to ensure compliance and stay informed regarding United States tax laws and regulations.

3. Are nonresident aliens taxed differently than U.S. Citizens?

Nonresident alien taxpayers are subject to taxation based on a section of the Internal Revenue Code that is specific to nonresident alien taxpayers. Colorado College is required to withhold 30 percent tax on **ALL** payments to nonresident alien taxpayers unless an exclusion, a tax treaty or a reduced rate of withholding applies. Contact the [Tax and Compliance Manager](#) to determine the rate of withholding and the eligibility of tax treaties on any foreign payments before the payment is processed. Contact ISSS to ensure the visitor can be paid on the visa they are using for travel. **Not all visas allow an individual to be paid.**

4. How does a foreign national determine whether they are a resident alien or nonresident alien for tax purposes?

An individual is considered a nonresident alien if they do not meet the substantial presence test, **or** are considered an exempt individual. **An exempt individual is not exempt from tax**, but is exempt from counting the days they are present in the United States towards the substantial presence test. The [Tax and Compliance Manager](#) assists foreign nationals in determining their tax status (resident alien or nonresident alien). This can be determined through the TDS software.

5. How should a nonresident alien employee fill out Form W-4?

Most nonresident aliens are required to complete their W-4 as follows: select a marital status of single (regardless of their actual marital status), enter a "0" on line 5, and write Nonresident Alien on the dotted line on line 6. Individuals with a TDS account can print a properly completed W-4 from their

TDS record. Please direct new foreign employees to contact the [Tax and Compliance Manager](#) for assistance in completing their W-4 and to establish their TDS account. If the college does not receive a properly completed W-4, we are required to withhold tax at the highest default rate until an appropriate form is received.

6. Do nonresident alien taxpayers have to pay FICA taxes?

International students holding F, J, M or Q student visas are exempt from FICA tax for the first 5 calendar years that they are in the United States. Individual's holding non-student J-1 visas are exempt from FICA tax for the first 2 calendar years that they are in the United States. In addition, any student enrolled and regularly attending classes while working for Colorado College is also exempt from FICA tax for spring and fall.

7. Do nonresident alien taxpayers need a social security number?

If a nonresident alien taxpayer is employed in the United States, they do need to apply for a social security number (SSN). The [Office of International Programs](#) in Armstrong Hall can provide information on applying for a social security number.

8. Can a nonresident alien apply for an Individual Taxpayer Identification Number (ITIN)?

If a nonresident alien has non-wage income (scholarships/fellowships, honorariums, awards, etc.) or if they are eligible for tax treaty benefits, they can apply for an Individual Taxpayer Identification Number (ITIN). ITIN's are only valid for tax filing purposes. All need-based scholarship students should apply for a number shortly after their arrival on campus. ISSS can assist with this process. TDS will prepare the needed form.

9. Are scholarships and fellowships taxable income?

Scholarships and fellowships that are in excess of tuition and certain required fees are considered taxable income to the recipient. **Colorado College is required to withhold 14 percent tax on the portion of a scholarship or fellowship that is in excess of a nonresident alien's tuition and required fees.** Tax withholding is not required on scholarship and fellowship payments received by resident aliens, permanent residents or U.S. Citizens; however the scholarship income in excess of tuition and required fees is still taxable income to the recipient. See IRS Publication 970 for additional information.

10. I have a foreign individual coming to campus to give a lecture/perform/present/provide services. Can I pay them?

An honorarium and/or travel reimbursement can be made to a short-term visitor entering the United States under the Visa Waiver program with a Visa Waiver for Business (WB) or as a business visitor with a B-1 visa. Their activity at Colorado College cannot last more than 9 days and they cannot be paid by more than 5 institutions within the U.S. in a six month period (9/5/6 Rule). If an international visitor cannot meet the 9/5/6 rule, please contact the [Office of International Programs](#) office regarding obtaining a J-1 visa for your visitor. **An individual that entered the United States as a tourist with either a B-2 visa or under the Visa Waiver program with a Visa Waiver for Tourism (WT) cannot be paid for any services provided.**

Colorado College is required to withhold 30 percent tax on any honorariums or payments for services unless a tax treaty applies. If the individual is coming from a country that has a tax treaty with the United States the required tax withholding may be reduced. To qualify for a reduced rate of withholding under a tax treaty, the individual must have either an ITIN or SSN **AND** complete the required tax treaty forms with the Tax and Compliance Manager. Contact the Tax and Compliance

Manager Catherine Tobin at 389-7844 or ctobin@coloradocollege.edu to arrange to complete any required paperwork.

For additional information, please refer to the **Procedures for International Honorarium Recipients and International Performers** available on the [Finance & Administration website](#).

11. What taxes are exempt under a tax treaty?

Only federal income taxes are exempt under tax treaties. The visitor is still subject to Colorado tax if the service is performed within the state.

12. What is the tax status of an individual that has been granted asylum, refugee, permanent residency or Deferred Action for Childhood Arrivals (DACA) status?

Individuals in the above mentioned statuses are treated like U.S. Citizens for tax purposes.

13. Who on campus can answer questions about nonresident alien taxation?

The [Tax and Compliance Manager Catherine Tobin](#) provides assistance and guidance on all nonresident alien tax compliance on campus. She can be reached at 389-7844 or ctobin@coloradocollege.edu. Foreign nationals arriving on campus should contact the Tax and Compliance Manager to establish their Sprintax TDS record and complete any necessary paperwork.