



Payments and Compensation of Foreign Nationals, Governments, and Corporations

Policy Area: Foreign Nationals Tax Compliance Program	Effective Date: 8/27/2004
Policy Sub Area: N/A	Last Revision Date: 3/1/2011
Authority: Internal Revenue Code – Sections 1441 and 1461; Session Law 2004-124;	Policy Owner/Division: Risk Mitigation Services

Policy

The reporting and withholding of taxes associated with payments made to non-U.S. citizens by universities, community colleges, and other agencies of the State of North Carolina are in accordance with the laws and regulations of the U.S. Citizenship and Immigration Services (USCIS) and the Internal Revenue Service (IRS). The U.S. Citizenship and Immigration Services define what payments may be made to aliens who perform services in the United States. The Internal Revenue Service defines which payments made to aliens are reported and subject to taxes, as well as establishes the tax rates for those payments.

Note: Although the preferred term for identifying a person who is not a U.S. citizen is —Foreign National, the Internal Revenue Service and the U.S. Citizenship and Immigration Services use the word —alien. Therefore, all non-U.S. citizens will be referred to as —aliens in an effort to minimize confusion with the federal government publications.

Procedures

OSC’s “Policy and Procedures Pertaining to Payments and Compensation of Foreign Nationals, Governments, and Corporations Manual” may be viewed by clicking on the following link:

http://www.osc.nc.gov/Foreign_Nationals/Foreign_Nationals-Payments_Policy_Procedures_Final_0311.pdf

Accounting Guidance

Additional guidance and other resources may be viewed by clicking on following link:

http://www.osc.nc.gov/Foreign_Nationals/index.html

Related Documents (Memos/Forms)

None noted.

Revision History

Date	Description