

**Paying and Compensating Foreign Nationals
in State Government Seminar**
Continuing Professional Education
North Carolina Office of the State Controller

Date: October 12, 2004
8:30 a.m. to 5:00 p.m.

Location: McKimmon Center
Raleigh, North Carolina

Fee: None

Objective: This program is intended to provide State employees with a basic understanding of how nonresident alien tax issues apply to their Agency, University or Community College. At the conclusion of the program, attendees will be able to identify when the nonresident alien taxation rules apply to specific payment situations; identify appropriate sources for obtaining additional guidance; and understand their reporting and documentation obligations. The program is *not* intended to train participants to provide tax advice to nonresident aliens.

Content:

Identifying Nonresident Aliens

- Residency Statuses for U.S. Tax Purposes
 - U.S. Citizen
 - Permanent Resident Alien
 - Resident Alien for Tax Purposes
 - Nonresident Alien for Tax Purposes
- Determining U.S. Tax Residency Status
 - Green Card Test
 - Substantial Presence Test

Identifying Payment Type and Payment Eligibility

- Payroll (Employment)
- Accounts Payable (Honoraria, Independent Contractors, Expense Reimbursements)
- Student Accounts (Scholarships, Fellowships)

Non-Immigrant Visa Categories

- Business and Tourist Visas (B-1, B-2 Visas)
- Student Visas (F-1, M-1 Visas)
- Exchange Visitors (J-1)
- Visas for Work in the United States (H, L, O, P, Q Visas)
- Dependents (F-2, J-2, L-2, H-4 Visas)
- U.S. Visas for Performers, Entertainers, and Their Technical Assistants
- U.S. Visas for Press and Broadcast Media
- Visa Waiver Program
 - Participating Countries
- Employment Authorization Cards
- Asylees, Parolees, and Refugees
- Unauthorized Aliens

Tax Withholding of Payments Made to Nonresident Aliens

- Withholding Rates
- Personal Withholding Allowances

- Special Rules for Individuals from Canada, Japan, Korea, Mexico, American Samoa, and the Northern Mariana Islands and Students From India
- Exclusions from Tax Withholding
- Tax Treaty Exemptions
- FICA
- Reducing Taxable Income

Issues Related to Income Tax Treaties

- Participating Countries
- Determining the Country of Tax Residence
- Claiming a Treaty Exemption
- Relevant Treaty Articles
- Forms
 - Form W-8BEN (Certificate of Foreign Status of Beneficial Owner for US Tax Withholding)
 - Form W-8ECI (Certificate of Foreign Person's Claim for Exemption From Withholding on Income Effectively Connected with the Conduct of a Trade or Business in the United States)
 - Form 8233 (Exemption From Withholding on Compensation for Independent (and Certain Dependent) Personal Services of a Nonresident Alien Individual)
 - Form W-9 (Request for Taxpayer Identification Number and Certification)

Reporting Payments to Nonresident Aliens

- Form W-2
- Form 1042-S
- Form 1042

Nonresident Aliens' Tax Obligations

- Form 1040NR/1040NR-EZ

Miscellaneous Issues

- Form W-7 (Application for IRS Individual Taxpayer Identification Number) and Form W-7 (SP)
- Third Party Payments
- Certified Withholding Agents

Developing a Nonresident Alien Payments Tax Compliance Program

- Gathering Information
- Income Sourcing
- Document Retention

Resources for Further Assistance

- Aliens-L listserv

Windstar's International Tax Navigator

- Overview and Demonstration

Instructors:

Susan Brooks – Susan is the Associate Vice Chancellor for Finance at the University of North Carolina at Charlotte. She has worked in higher education since 1971 and is active in the National Association of College and University Business Officers (NACUBO), currently serving on the Annual Meeting Program Committee and the Tax Council, where she also served as Chair for three years. She is also on the editorial board for the publication "Guide to Federal Tax Issues for Colleges and Universities." Susan is also active in the State Association of College and University Business Officers (SACUBO), serving as the Co-Chair of the Host

Committee for the April 2003 Annual Meeting in Charlotte, serving on the Program Committee, and serving as Chair of the 2004-2005 Research and Doctoral Institutions Constituent Committee. She is a frequent presenter on tax issues in higher education and has presented for NACUBO, Tax Institute for Colleges and Universities (TIFCU), FRS International Users' Conference, Professional Development Group (PDG), the College Business Management Institute (CBMI) and the UNC Financial Users Group, and is the founder of the original higher education tax listserv. Susan holds a B.A. from Miami University (Ohio) and an MBA in Accountancy from Wright State University

Betsy Bunting – Betsy is the Associate Vice President for Legal Affairs of the University of North Carolina. A lawyer licensed and admitted in all of the state and federal courts in North Carolina, Ms. Bunting joined the Office of the President in 1984, after having litigated for ten years for the University in her capacity as Assistant Attorney General at the North Carolina Department of Justice. In her present position she concentrates on federal regulatory issues, employment matters, student affairs questions as well as tax and insurance issues.

Ms. Bunting graduated from the University of North Carolina at Chapel Hill with an A.B. in Journalism in 1971 and a Juris Doctor in 1974. She began her legal career as a law clerk to Chief Justice Susie Sharp of the North Carolina Supreme Court. Presently she is a member of the American Bar Association and the North Carolina Bar Association. In 1998, she was appointed to the Bar's Disciplinary Hearing Commission, a position she continues to hold. She also has served as an appointed member of the North Carolina Criminal Justice Commission and serves as Chairman of the Standards Committee, the principle adjudicating body of that Commission

Robin Nowlin – Robin is the Nonresident Tax Specialist with the University Payroll Office at North Carolina State University. She has handled the payments to foreign nationals on campus since 1998. Background training includes Arctic International Tax Seminar, Washington DC (Fall 1998), Windstar Tax Seminar, Providence RI (Spring 1999), and International Tax Compliance Workshop, St. Norbert College & IRS, Depere, WI, (Nov. 1999 and Nov. 2000) Personal education background: B.S. in Environmental Engineering Sciences, University of Florida.

Gary Singer - In 1994, Gary co-founded Windstar Technologies, Inc., in response to the need for an easy to use and understand software solution for international tax compliance and reporting. For the past six years, Gary has directed the operations of Windstar Technologies, Inc. where he has immersed himself in the myriad of issues surrounding withholding and reporting issues of nonresident aliens.

In addition to participating in IRS-sponsored training programs, Gary provides accredited NRA Tax Training seminars four times per year where he provides an understanding of the role that technology plays in increasing accuracy with complex international tax law compliance as well as the intricacies of IRS electronic filing requirements.

He is a regular presenter on NRA tax withholding and reporting issues at industry panels such as the American Payroll Association (APA), Tax Institute for Colleges and Universities (TIFCU), PeopleSoft and SCT Higher Education Users Groups.

Paula Singer – Paula is a partner in the law firm Vacovec, Mayotte and Singer, in Newton, Massachusetts. She concentrates her practice in international tax matters for individuals and business. Mrs. Singer has advised individuals and businesses on tax planning and compliance for individuals relocating internationally since 1979.

In her capacity as a tax lawyer, Paula assisted the IRS with the development of Form 1040NR-EZ. Her comments on proposed regulations under section 7701(b) on the substantial presence test and under section 1441 on withholding on

payments to foreign persons were incorporated into the final regulations under each section.

Paula is a long-standing member of the NAFSA: the Association for International Educators, the American Immigration Lawyers Association (AILA), the International Fiscal Association (IFA) and the American Payroll Association (APA), local and national bar associations. She has provided seminars and published articles on nonresident alien tax matters since 1985. Her articles on international tax topics frequently appear in the Massachusetts Bar Association Section Review. Paula is a Co-CEO and Founder of Windstar Technologies, Inc., which develops and distributes PC-based software solutions for international taxation.

**CPE Credit
Offered:**

8 hours

Materials:

Will be provided at the seminar

**Teaching
Method:**

Lecture and interaction with attendees

Lunch:

11:45 a.m. - 1:05 p.m. (on your own)

Prerequisites:

State agency/institution fiscal staff (State Financial Reporting entity)

**Advance
Preparation:**

Review of the "Policy and Procedures Pertaining to Payments and Compensation of Foreign Nationals, Governments, and Corporations" document issued by the Office of the State Controller. This document may be access by clicking on the following link:

http://www.osc.state.nc.us/sigdocs/sig_docs/prev_memos/2005/Foreign_Nationals-Payments_Policy_Procedures_Final_82504.pdf

**Experience
Level:**

Introductory

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