



INTERNATIONAL TAX OVERVIEW

The university's international tax specialists provide guidance to international employees and university departments regarding taxation responsibilities and the legality of salary/independent personal services/honoraria payments under the Internal Revenue Code (IRC), Section 1441. This team also works with the international offices on each campus to ensure compliance with immigration work authorization regulations. Any questions concerning strictly *immigration* matters, such as appropriate visa status, processing of immigration (as opposed to taxation) paperwork, changes of immigration status, etc., should be directed to the appropriate campus international office. Any questions about *taxation* issues related to payments for international individuals should be directed to these tax specialists.

TAXATION ISSUES RELATED TO INTERNATIONAL *EMPLOYEES*

Whenever a department hires an international employee (researcher, visiting professor, teaching assistant, research assistant, student hourly), the department must send that individual to an international tax specialist—ideally before any payment is made—to discuss taxation status, and to complete the relevant tax paperwork. ***Departments should never, under any circumstances, provide tax advice or tax forms (e.g., Form W-4) to international employees.*** To do so without the supervision of an international tax specialist could result in potential illegalities and fines for the employee and for the university. To make an appointment with an international tax specialist:

- CU-Boulder and CU Denver employees can schedule appointments with an international tax specialist [via our online appointment scheduling system](#).



- UCCS employees should contact an international tax specialist, as follows, to arrange an appointment as online scheduling for UCCS is not yet available:
 - If the employee's last name begins with letter A-L, contact: Kendra Zafiratos: 303-735-5534 or Kendra.Zafiratos@cu.edu
 - If the employee's last name begins with letter M-Z, contact: Alicia Dandeneau: 303-735-0816 or Alicia.Dandeneau@cu.edu

TAXATION ISSUES RELATED TO INTERNATIONAL *INDEPENDENT PERSONAL SERVICES/HONORARIA PAYMENTS and REIMBURSEMENTS*

IRC and immigration regulations governing independent personal services and honoraria payments to international individuals are varied and often confusing. Whenever a department plans to make such payments, the most important step is to determine ahead of time the immigration status in which the individual should enter the United States by working with an international tax specialist.

Once the appropriate immigration status is determined, tax forms and immigration documentation required for approval of the payment can be identified. All payment vouchers and scopes of work for independent personal services/honoraria payments to international individuals **must** be routed through an international tax specialist for payment authorization and taxation. All international independent personal services and honoraria payments are taxed at the statutory rate of 30 percent, with the exception of payments deemed “foreign source income.” Foreign source income payments are payments made for services performed entirely outside the United States by individuals who are not citizens, permanent residents, or residents for tax purposes. Such payments are neither taxable nor reportable to the Internal Revenue Service (IRS). Reimbursements to international individuals, while sometimes not taxable, do also



require specific documentation for approval. Departments wishing to reimburse an international individual should work with an international tax specialist to determine what is required.

Questions about payments for independent personal services, honoraria and reimbursements should be addressed to the appropriate international tax specialist as follows:

- If the payee's last name or company name begins with letter A-L, contact: Kendra Zafiratos: 303-735-5534 or Kendra.Zafiratos@cu.edu
- If the payee's last name or company name begins with letter M-Z, contact: Alicia Dandeneau: 303-735-0816 or Alicia.Dandeneau@cu.edu

TAXATION ISSUES RELATED TO INTERNATIONAL *SCHOLARSHIP RECIPIENTS*

Qualified scholarships (i.e., tuition waivers or any portion of a scholarship that is directly applied to tuition and fees) that are paid to nonresident international degree candidates are nontaxable and not reportable to the IRS. Non-qualified portions of scholarships (i.e., any “leftover” money that is remitted directly to the international student after tuition and fees have been paid, and that can be used as discretionary income) are taxable at the rate of 14 percent. The university remits these taxes to the IRS and places a corresponding charge on students’ tuition bills. Students will be notified by email when a taxable scholarship has been identified on their accounts. In some circumstances, tax treaty eligibility might provide an exemption to the 14 percent taxation. The scholarship recipient should contact an international tax specialist to find out about any existing treaty benefits.

True scholarships are not to be confused with teaching/research assistantships. Under IRC definitions, a true scholarship is one where no service is required in order to receive the money.



When a teaching or research assistantship is a condition of receiving the scholarship, the IRC defines the money earned as “compensation for services rendered,” and thus subject to graduated withholding (W-4) rates.

For any questions about these issues, contact the appropriate international tax specialist as follows:

- If the scholarship recipient’s last name begins with letter A-L, contact: Kendra Zafiratos: 303-735-5534 or Kendra.Zafiratos@cu.edu
- If the scholarship recipient’s last name begins with letter M-Z, contact: Alicia Dandeneau: 303-735-0816 or Alicia.Dandeneau@cu.edu

SOCIAL SECURITY NUMBER ISSUES

The Social Security Administration has mandated new regulations when international individuals apply for Social Security numbers. Application information must be compared with information in the immigration database. If any discrepancies in information are found, the issuance of a number can be significantly delayed.

While the majority of new employees still receive their numbers within a normal period of time, some are affected by the SSA procedures and may possibly wait up to 12 weeks to receive a number. In an attempt to alleviate the inconveniences of such delays, the directors of Employee Services and the four campus international offices met in August 2002 to establish a policy under which temporary tax identification numbers could be issued, in certain restricted circumstances. You may [review the policy for more information](#).



Two salient points in the policy:

- Temporary numbers may only be assigned if no Social Security number has been issued after 30 days of employment; and,
- Temporary numbers are valid for only eight weeks from the date of issue.

To be issued a temporary number, the international employee must make an appointment with the appropriate international tax specialist after 30 days of employment have passed, and must present to the international tax specialist the letter issued by the Social Security Administration at the time of application for the Social Security number.