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Understand hiring and payroll for workers outside the U.S. [1]



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The University of Colorado is a respected research and academic institution with thousands of international employees and cooperative initiatives in the United States and abroad. This can create complex payroll and tax withholding issues for global workers compared to U.S.-based international employees [3]. For hiring and payroll professionals, making the best hiring decisions requires asking two important questions: Where is the employee working, and what is their U.S. tax residency status?

Global workers: Working for CU abroad

All individuals who perform their work duties primarily outside the United States must be hired and paid through the Global GPS. This includes U.S. citizens, resident aliens and nonresident aliens. For these individuals, GPS will act as the worker's employer of record (EOR). Note that this does not apply to workers classified as independent contractors [4].

Learn more about Global GPS and the compliance requirements for working outside the U.S. on CU's behalf on the Global Worker information page [3] and read up on the taxation guidance for nonresident aliens [5].

Employees working for CU within the U.S.

Employees who work primarily within the U.S. should be hired and paid as normal through HCM. This includes U.S. citizens as well as resident and nonresident aliens.

U.S.-based international employees are subject to U.S. payroll taxes. The employee's immigration status, history of U.S. presence and potential tax treaty eligibility all contribute to the determination of how their withholding taxes are calculated and reported. For this reason, all new international employees (including students who receive a stipend through CU payroll) are required to schedule an initial meeting [6] with the International Tax Office [7] shortly after arriving in the U.S.

Crucial tax implications

While the above guidance should be applied correctly to all employees based on their work location, it is especially important that nonresident aliens working abroad are paid correctly

through Global GPS and not HCM. This is because nonresident aliens working abroad are not generally subject to U.S. payroll taxes but paying them through HCM will result in those individuals having U.S. taxes withheld, as if their work location was in the U.S., starting in 2024. These individuals may be unable to recoup withheld tax through U.S. tax filing. These workers are also at risk for financial penalties for underpayment of employment tax in the country in which they perform their duties.

Of course, depending on an employee's work duties and possible travel between the U.S. and other countries, it is not always simple to determine whether a specific nonresident alien employee should be considered a global worker or a U.S.-based international employee.

Learn more on this crucial change and find a quick guide outlining the best hiring practice based on several example scenarios in the Updated Employee Service Guidance for Taxation of Nonresident Aliens Working Outside the U.S. [5]

international tax [8]
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