



**Carnegie
Mellon
University**
Finance
Division

Non-Payroll Payments to Non-Resident Aliens Workshop

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Overview

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Overview

- All non-payroll payments made through Accounts Payable (AP) to non-U.S. citizens will be analyzed by the Tax Department to determine appropriate tax withholding treatment.
- This is done by having the individual complete the Foreign National Information Form (FNIF).



Overview – Definitions for Tax Purposes

- An **alien** is any individual who is not a U.S. citizen or U.S. national.
- A **Non-Resident Alien (NRA)** is an alien who has not passed the green card test or the substantial presence test for the calendar year.
- A **Resident Alien (RA)** is an alien who has met either the green card test or the substantial presence test for the calendar year.



Overview

- Payments to NRAs are subject to income tax withholding unless they are specifically exempted under an income tax treaty between the United States and the individual's home country.
- The rate of withholding varies depending on the payment type and the applicability of any tax treaty provisions based upon information from the individual's FNIF.



Foreign National Information Form (FNIF)

Carnegie Mellon University
Finance Division

Foreign National Information Form (FNIF)

Carnegie Mellon University Finance Division		Foreign National Information Form for Non-Employees	
Purpose of this Form: To request treaty benefits for payments made to foreign nationals receiving U.S. sourced income. Note: All fields must be completed in order to accurately process the foreign information. Incomplete forms will be returned.			
Personal Information			
Last Name: _____		First Name: _____	Initial: _____
Social Security Number (SSN): _____		Individual Taxpayer Identification Number (ITIN): _____	
Your Taxpayer Identification Number (TIN), such as a SSN or ITIN, is required to be furnished under authority of the law in the field(s) above, if applicable.			
<input type="checkbox"/> Select if you do not have a TIN (i.e., SSN, ITIN)			
Foreign Tax Identification Number: _____		Date of Birth: _____	
Email: _____		Employer Name: _____	
Address in USA		Foreign Address	
Line 1: _____		Line 1: _____	
Line 2: _____		City: _____ Postal Code: _____	
City: _____		Province/Region: _____	
State: _____ Zip Code: _____		Foreign Country: _____	
Immigration Information			
Country of Citizenship: _____		Country that issued passport: _____	
Passport Number: _____		Expiration Date: _____	Visa # (red number): _____
Country of residence if different from foreign residence: _____		Did tax residency end? <input type="radio"/> No <input type="radio"/> Yes, when? _____	
Immigration Status: _____		If other, specify: _____	
What is the primary purpose of the visit? (Choose one): _____			



Foreign National Information Form (FNIF)

- The FNIF should be submitted to Accounts Payable (AP) along with the AP Payment form, supporting documentation, Form W-8 BEN as one PDF file to ap-payform@andrew.cmu.edu.
- For Honorarium payments, the foreign national information questions will be completed during the supplier's onboarding registration in PaymentWorks.
- Note: The Tax Department will review the form for completeness and will determine whether treaty benefits can be applied to eliminate the required withholding.



FNIF – Review of Residency Status

FNIF – Review of Residency Status

- To determine if an alien is considered a resident for U.S. income tax purposes, they must meet one of the following tests:
 1. Green Card Test - The U.S. Citizenship and Immigration Services (USCIS) issued an alien registration card, Form I-551, also known as a “Green Card.”
 2. Substantial Presence Test - Present in the U.S. for at least 183 days in a calendar year (or combination of 31 days in current and 183 total in past 3 years).
 - Students are exempt from counting days if on a F, J, M or Q visa for 5 years.



FNIF – Review of Residency Status

- After the review of the residency status of the individual, it could be determined that they are a RA.
- RAs are treated as U.S. citizens for tax purposes.
- The Tax Department will email the FNIF preparer to request that the RA review and complete a Form W-9.
- RAs are not subject to income tax withholding and will be issued a Form 1099 if they receive at least \$600 in the calendar year.



FNIF – Other Important Factors for Consideration



FNIF – Other Important Factors for Consideration

- A tax treaty benefit cannot be granted unless the NRA has a valid U.S. Social Security Number.
- The “Immigration Information” section on the FNIF is used to determine the substantial presence test and to determine if a tax treaty exists between the U.S. and the individual’s home country listed on the form.

FNIF – Other Important Factors for Consideration

- The individual completing the form must answer all three FCPA Guidance questions on the bottom of the FNIF.
- If these questions are not completed, the form will be returned.

Is your employer owned or controlled by an entity of a foreign government? (If yes, please describe below. FCPA Guidance)		<input type="radio"/> Yes	<input type="radio"/> No
Are you or any members of your family officials of a foreign government? (If yes, please describe below. FCPA Guidance)		<input type="radio"/> Yes	<input type="radio"/> No
Description:	<div></div>		
Have you (the requestor) viewed the university's FCPA Guidance ?		<input type="radio"/> Yes	<input type="radio"/> No



Withholding Rates

Withholding Rates

- IRS regulations require federal income tax be withheld on payments made to NRAs with U.S. source income, unless a tax treaty exists.

30%	14%	30%, 15% or 10%
<ul style="list-style-type: none">• Honorariums• Prize/awards and gifts• Taxable non-employee ERs	<ul style="list-style-type: none">• Non-qualified scholarships	<ul style="list-style-type: none">• Royalties



Tax Forms



Tax Forms

- Payments from AP to NRAs must be reported to the IRS:
 - The university mails a Form 1042-S to the NRA each year to the home address that was provided on the FNIF.
 - The Form 1042-S is used to report income and tax withholdings for NRAs and is required regardless of dollar amount.
 - The NRA uses Form 1042-S when filing their personal U.S. tax return.



Questions?