



NONRESIDENT ALIEN TAX COMPLIANCE

AN UPDATE OF THE ISSUES

Higher Education Tax Institute 2021
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LEGAL

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ISSUES TO CONSIDER

- What Did We Learn in 2020?
- Let's Review Sourcing . . .
- Forms W-8 . . . BEN-E, ECI, EXP
- SSN or ITIN or EIN or FTIN?
- What is an LOB Code Anyway?
- Reporting Issues
- Anything Else?



WHAT DID WE LEARN IN 2020?

That we really don't know where in the world our employees, students, and payees are!

BUT, that we need to know!

. . . that Foreign Sourcing is kind of important.

AND, that taking the time to withhold and report correctly to start with is a whole lot easier than trying to unravel and fix it later!



ALL INCOME PAID TO OR ON BEHALF OF A NONRESIDENT IS:

EXEMPT

- Foreign Source
- Internal Revenue Code
- Income Tax Treaty

or

- 14% (*Scholarships/ Fellowships to F, J, M, & Q Immigration Status*)
- 30% (*Non-Employee Compensation and all Other Payments*)
- Restricted Graduated Withholding (*Employee Compensation*)

TAXABLE



SOURCING IS BASED ON

- U.S. Tax Residency Status
- Category of the Income
- Location of the Activity
- Location of the Payor



. . . NOT ABOUT "WHERE'S THE MONEY?"



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First appeared as part of the conference materials for the
2021 Higher Education Taxation Institute session

"Nonresident Alien Tax Updates"