

WESTERN MICHIGAN UNIVERSITY
HONORARIA, INDEPENDENT CONTRACT, AND REIMBURSEMENT
PAYMENTS TO FOREIGN NATIONALS

Before inviting a foreign national to WMU, it is important to understand that there are many areas of law involved: export control, immigration, and taxation. This document outlines the circumstances in which the University can provide compensation to or pay for the travel expenses of guests and independent contractors who are foreign nationals, and describes the associated tax implications.

Procedures

1. **Understand restrictions on payments to certain foreign nationals.**
Depending on the individual's visa type and work authorization status, he or she may be prohibited from receiving payments, from receiving reimbursements, or from having payments made on his or her behalf by the University. **It is strongly encouraged that departments understand these restrictions before offering honoraria or travel expenses (either paid directly or reimbursed) to invited guests.** See the [Payments to Nonresident Aliens Matrix](#) of visa types and associated restrictions.
2. **Determine a prospective speaker's visa and work authorization status before services are rendered.** In some cases, WMU can make alternative payment arrangements, such as paying the speaker's sponsoring agency, which in turn can pay the speaker - but only if the arrangements are made BEFORE the speaker performs services.
3. **Pay honorarium, independent contract, or expenses in accordance with immigration and IRS requirements.**
 - A. An honorarium or independent contract will be treated as compensation for services and will be subject to U.S. income tax withholding and reporting.
 - B. For all services performed in the U.S. by a foreign national (individual or entity), the University is required to withhold income tax at a 30% rate. This rate may be reduced or eliminated if there is an income tax treaty between the United States and the foreign national's country of residence.
 - a. To claim benefits under an existing treaty, an eligible nonresident individual must file a form with the University (Form 8233) **which requires the foreign individual to provide a U.S. social security or individual taxpayer identification number and identify the treaty article providing the exemption.** Tax treaty benefits are not automatic. Information on tax treaties can be obtained from Corporate

Reporting and Taxation at 269-387-2981, or email Carol LaLonde at carol.lalonde@wmich.edu.

4. **Reimburse or direct pay travel expenses in accordance with immigration and IRS requirements.**
 - A. Review the Payments to Nonresident Aliens Matrix before reimbursement or direct payment of expenses. There are situations where travel expenses cannot be paid by the University. For example, you cannot purchase a plane ticket for a visitor with B-2 visa status (tourist) who does not meet the requirements of the 9/5/6 rule.
 - B. For all payments to foreign nationals, including travel expense reimbursements, a Foreign National Payment Data form must be completed and attached to the voucher or travel expense reimbursement form. However, no income tax will be withheld on travel expense reimbursements, as long as the original receipts are attached and the visitor performs a service for the University (i.e., delivers a speech or a lecture). Additionally, travel reimbursements will not be reported on Form 1042 as income if processed separately from the honorarium on a travel reimbursement form.

A [Department Check List](#) is available to assist departments with the various steps needed to pay a foreign national. The check list includes links to all forms except the independent contract form.

For questions or assistance on any of these documents, contact Corporate Reporting and Taxation at 269-387-2981, or email carol.lalonde@wmich.edu.