

California State University, Sacramento Non-Resident Aliens -- Payments to Speakers/Performers/Artists

Purpose

The Chancellor's Office requires CSU campuses to comply with the Internal Revenue Code, California Revenue and Taxation Code, and California State University policies and procedures regarding non-resident alien taxation issues. In order to comply with Federal and State rules and regulations, each Sacramento State program center must comply with these procedures when making payments to non-resident aliens.

Scope

Those individuals who are non-resident aliens, who come to campus as speakers, performers, artists, or for similar situations, are covered by this document.

Departments Involved with the Process

Campus Program Center/Department Contracting with Non-Resident Alien
Procurement and Contract Services
Accounts Payable
Accounting Services
Student Financial Services Center
Payroll Services

Requirements

Tax Withholding

Non-resident aliens require special attention, as tax treaties with their country and visa status can be taken into account to determine tax-withholding percentages.

1. If the non-resident alien has an Individual Taxpayer Identification Number (ITIN) or Social Security number (SSN), the University reviews for the availability of a tax treaty. If a tax treaty option exists, the University issues a check for the full amount of contracted services. The non-resident alien must complete an IRS Form 8233.
2. If there is not a tax treaty between the non-resident alien's country of tax residency and the United States, or the non-resident alien does NOT have an Individual Taxpayer Identification Number (ITIN) or Social Security number (SSN), the University must withhold and remit federal taxes at a rate of 30%. State tax of 7% must be withheld and remitted to the Franchise Tax Board (FTB) if the payment exceeds/or will exceed \$1,500 in a calendar year. The IRS requires the University to report income paid to or on behalf of non-resident aliens on form 1042-S on or before by March 15.

Note: If the non-resident alien wants to request an Individual Taxpayer Identification Number (ITIN), it takes approximately two to four months to obtain. An IRS Form W-7 (Application for IRS Individual Taxpayer Identification Number) would be completed to request an ITIN. The University could be subject to fines imposed by the IRS for making a payment to an individual without a tax identification number or SSN.

Vendor Data Record (204)

A Vendor Data Record (204) must be completed by the speaker or their agent before payment can be made. This form, mandatory for all vendors, requests the Vendor's Taxpayer Identification Number (TIN) or Social Security number, mailing address, and residency status.

Procedures

The following steps will help you through the necessary paperwork needed to obtain timely payments when bringing speakers or performing artists to campus. Begin completion of the paperwork as soon as possible, a minimum of three weeks before the scheduled presentation.

1. If the payment exceeds \$5,000, submit a completed and approved service requisition at least three weeks before the scheduled event. Procurement and Contract Services will prepare a Standard Agreement form, which must be signed by the speaker or agent, and a Procurement buyer. Procurement will send the Vendor Data Record form to the speaker or agent with our contract.

If the speaker or agent issues their own contract, it can be sent to Procurement with the requisition and will be attached to our contract. Payment can only be issued from a University contract. Upon completion of all paperwork and receipt of the Vendor Data Record by Procurement, a check will be prepared and ready for disbursement.

2. If the payment is less than \$5,000, it is the responsibility of the department to send a Vendor Data Record form to the speaker or agent. If the speaker or agent has submitted their contract for your signature, **do not sign the contract**. Contact Procurement for a buyer's signature.

Note: Speakers, performing artists and their agents usually have their own contracts and ask that you sign and return them. **DO NOT SIGN** their contracts. You are not authorized to enter into a contractual agreement on behalf of the University. Only a University contracting officer is authorized to sign contracts.

The campus department then submits a direct payment request with the contract (signed by buyer in Procurement), an invoice (signed by the speaker/agent), and the Vendor Data Record form (completed by the speaker/agent). Send the documents to Accounts Payable, mail stop 6004, at least two weeks before the scheduled presentation. No standard agreement is needed.

3. Disbursement of check --

If proper documents are received by Accounts Payable within the requested time frame, a check will be ready for pickup in Student Financial Services Center, Lassen Hall, prior to the engagement.

If the documents are not received by Accounts Payable within the requested time frame, a check will be mailed to the speaker or agent after the date of the presentation.