

UC Santa Barbara
Policies

Policy 5150

Issuing Unit: Administrative Services

Date: September 1, 1982

PAYMENT TO ALIENS

I. PURPOSE AND SCOPE:

This procedure provides guidelines for assuring that payments of aliens are in accordance with Federal Tax Laws. See Policy 5145.

II. REFERENCE:

A. UCSB Policies Manual, Policy 5145, Payment to Aliens.

III. PROCEDURE:

A. Employees:

1. General:

All alien employees, including student employees, are required to complete and sign Statement of Citizenship Status (Attachment A). When the hiring form is received in the Accounting Office, the department will be notified to send the employee to Accounting to complete the required form. At that time the employee will be informed of his/her tax withholding category. If the employee qualifies for exemption from withholding under a tax treaty (see Policy 5145, paragraph II.E.), the appropriate form will be completed at that time.

2. Resident Aliens:

Resident aliens employed by the University are subject to tax withholding on the same basis as U.S. Citizens. Internal Revenue Service Form 1078, Certificate of Alien Claiming Residence in the United States should be completed and signed by the alien only if he/she is certain of his/her status as a resident alien.

3. Nonresident Aliens:

Nonresident aliens employed by the University are taxed at the same rates as single U.S. Citizens. These employees are allowed only one personal exemption, regardless of their actual marital status or the number of dependents they may have either in the United States or abroad.

4. Salary Advances:

Salary advances to newly employed aliens may be approved by The Vice Chancellor or his designee up to maximum of \$2,000 each. The purpose of such advances is to assist

these individuals in covering the cost of their subsistence and transportation enroute to the place of University employment when currency restrictions prohibit their taking sufficient monies out of their own country. The advance will be authorized with the understanding that the total advanced will be repaid within six months of arrival or within the period of appointment, whichever is the shorter period.

5. Sailing Permits:

When an alien employee, including a student employee is ready to depart from the United States, he/she must obtain a tax clearance from the Internal Revenue Service, which is called a Sailing Permit. About three to four weeks before the alien is to leave the University, the department should contact the Accounting Office for a certification to request a Sailing Permit from the local Internal Revenue Service Office (Attachment E).

B. Payments by Vendor Check:

For one-time honoraria, consulting fees or other payments which are ordinarily initiated by departments on Form 5, Request for Issuance of Check, information is needed in order to determine the proper Federal withholding tax to be deducted from the payment. Travel expenses will be reimbursed in accordance with Procedure 5170.

1. Statement of Citizen Status:

If the recipient is a U.S. Citizen with a foreign address, please indicate "U.S. Citizen" on Form 5 in "Alien" block. If the recipient is an alien, fill out Statement of Citizenship Status, Attachment A. For employment and fellowships, the sections Taxpayer identification, Job Title, Department, Length of Employment should be completed.

If the alien qualifies for exemption from withholding under a tax treaty, the appropriate completed form (Attachment C or D) should be sent to the Accounting Office.

2. Resident Aliens:

Resident aliens receiving honoraria, consulting fees, or other stipends are not subject to withholding. Internal Revenue Service Form 1078, Certificate of Alien Claiming Residence in the United States, should be completed in the Accounting Office and signed by the alien if he/she is certain of his/her status as a resident alien.

3. Nonresident Aliens:

Nonresident aliens receiving honoraria, consulting fees, or other stipends are subject to withholding at the rate of 30 percent after allowing one personal exemption of \$2.74 per day unless exempt under a reciprocal tax treaty.

IV. ATTACHMENTS:

- A. Statement of Citizenship Status
- B. Certification of Tax Exemption for Teaching
- C. Certification of Tax Exemption for Personal Services
- D. Sailing Permit

For questions or comments regarding the format of the above information, please contact webcontact@ucsbuxa.ucsb.edu.

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