



## Payments to International Speakers & Vendors visiting Macalester

*Issued jointly by Employment Services/Accounts Payable – updated January 2012*

This policy guideline is provided to support a basic understanding and reference for the special regulations and responsibilities for speakers/vendors that are not U.S. Citizens or U.S. Legal Permanent Residents and receive a payment from Macalester. **Macalester's policy is to comply with all federal/ state tax and immigration laws.**

### General Differences and Reporting Requirements

The primary difference you should anticipate, when offering payment to an international speaker/vendor, is that a **30% federal tax applies in most circumstances.**

To process the payment, Macalester is also required to gather additional personal information from the visitor. We use the GLACIER software product to do this step. (GLACIER is internet based, tax compliance system used by many educational institutions. The international visitor can complete the information prior to coming to the U.S. or provide it in person via an interview. GLACIER provides all of the necessary paperwork to the individual/Macalester – the speaker must simply sign where indicated and provide copies of certain documents associated with their passport. **Macalester will not issue the payment until this information is provided by the speaker.**

The following chart illustrates the differences between making payments to U.S. Citizens/Permanent Residents and International Visitors (Nonresident Aliens):

Speaker/Vendor Payments	U.S. Persons/ Permanent Residents	Non-U.S. Persons (Nonresident Aliens)
Macalester Process	Standard Engagement Contract	Standard Engagement Contract + GLACIER questionnaire (internet based)
Federal Withholding Tax	0%	30%
Tax with tax treaty in force	N/A	0%
MN Nonresident Entertainer Tax (note: service payments & reimbursements count toward the limit)	<\$2000 = 0% >\$2000 = 2% (on services & reimbursements)	<\$2000 = 0% >\$2000 + no tax treaty = 2% (on services & reimbursements) >\$2000 + tax treaty = 0%
Certification Documents (provided by Individual)	W-9	GLACIER system produces necessary documents + copy of visa sticker & I-94 card
Reporting to IRS/MN	1099misc document if \$ above \$600	1042s document for all \$
Non-Taxable Reimbursement of Travel Expenses (with receipts)	Yes	Yes
Payment Methods Available	Direct Deposit, Paper Check, US Bank Wire (\$10 fee to department)	Paper Check, International Bank Wire (\$30 fee to department)
Immigration Restrictions (Visa Type)	N/A	Generally must be B-1, B-2, WB, WT, J-1 (non-student), TN

## Other points

- In the event a department wants to **pay the tax** for the individual, a special IRS gross-up calculation is performed to reach the desired net:
  - To estimate the gross cost to the department, use the following formula:  
**desired net  $\$/ (1-.30)$**
  - If your department wants to use this option, please indicate it clearly with the payment information
- Gift cards are **always** taxable to the individual (see taxable prize and award policy)
- If a person speaking at Mac designates an organization receive the payment, the individual still “owns” the payment and is personally liable for the tax (and the corresponding charitable deduction, if applicable)
- **Travel expense reimbursements** are an excellent (and legal) way to avoid tax withholding for international speakers:
  - Individuals must provide receipts for the full amount being reimbursed and follow standard Macalester reimbursement procedures
  - Departments may elect to limit the total amount to be reimbursed
- **If payments are made to individuals performing services outside of the U.S., tax withholding and reporting is not required – a “Statement of Services Performed outside of the U.S. form” is necessary from the individual - contact us to obtain this form.**