NCSU Payments to Nonresident Aliens (NRAs) and Foreign Entities Who Are Legal to Pay

Note: Prior to entering into an arrangement, departments are expected to consult with International Employment and Taxation and the Controller’s Office to see whether it is legal to pay the NRA or foreign entity.

What is the payment for?

- Honoraria & Services
- Prizes & Awards
- Scholarships & Fellowships
- Royalties
- Stipend
- Purchase of products, licenses or rights

Products, licenses, & rights

A foreign person is subject to U.S. tax of 30%. A reduced rate may be applied if certain other criteria are met and all documentation is received.

**Individuals:**
- Taxable part of Scholarships and fellowship grants paid to holders of “F”, “J”, “M,” or “Q,” visas can be taxed at a lower 14% tax rate (Parts of scholarship devoted to travel, room and board, living expenses, etc.)
- A reduced rate may be applied if there is a tax treaty between the foreign person’s country of residence and the United States
- International Employment and Taxation office will review treaty benefits.
- Tax treaty benefits will vary depending upon treaty analysis for each payment

**Entities:**
- International Employment and Taxation office will review treaty benefits.
- Must provide a completed IRS Form W-8 (BEN, ECI, IMY or EXP)
- Tax treaty benefits will vary depending upon treaty analysis for each payment

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Documentation Required for Honoraria

**For all honoraria requests:** Departments should work in conjunction with the University’s International Employment and Taxation Department. They will assist in gathering documentation needed to process Honorarium and entering the voucher. This ensures that everything is compliant and taxes are taken care of.

**For F1 Visas only:** A copy of the I-20 form is required.

**For J1 Visas only:** A copy of the DS-2019 form is required and a letter from the responsible officer from the payee’s sponsored institution authorizing the activity.

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Updated on 9/12/2014