

## Payment For Services To A Foreign Person\*

### I. Payment for Service done outside of US

Non US source income paid to a non US person is not subject to withholding, but must be documented to apply this rule:

1. Form W-8BEN/W-8BEN-E must be obtained to document that the payee is not a US person.
2. Must be documented that the income is non US source (service performed outside of US).  
Contract, invoice, correspondence, bills of lading are accepted for this purpose.

### II. Summary of Sourcing Rules

Personal Services	Where performed
Rentals	Where property is located
Royalties –	Where property is used

### III. Payment for Service done in US

**Before** making any arrangements with a foreign person to perform any kind of service in US (including grants, prizes, and awards) you must:

- **Check with Employment Office (Lilian Akawobsa) the eligibility to perform services**
- **Check with Accounting Office (Ildiko Gyeresi) the tax liabilities**

Foreign individuals with employment authorization are eligible to work in US **and are subject to US tax on their US source income.**

Visitors are generally not authorized to work.

Payment to a non US person is subject to 30% federal tax withholding unless exemption is available. This issue must be addressed at the time an agreement is made with the international visitor.

If the foreign person has a US SSN or ITIN may be eligible for exemption if he/she is resident of a country that has treaty with US

**US taxpayer identification number is required for reduced withholding!** If TIN is not available we must withhold 30% federal tax.

**No corporate exemption from withholding rules for foreign corporations**

\*Person includes individuals as well as entities. For example: Andrews University is a corporation organized under US law. Andrews University is a US Person for tax purposes.