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

<table>
<thead>
<tr>
<th>Personal Services</th>
<th>Where performed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rentals</td>
<td>Where property is located</td>
</tr>
<tr>
<td>Royalties –</td>
<td>Where property is used</td>
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</tbody>
</table>

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.