STANDARD PROCESS

Section B: Financial and Administrative Systems (FAS)/General Accounting
Number/Title: **B101/NCI-Frederick Payment of Nonemployees**
Date Issued: December 2002
Revision: November 2005
SP Contact: Accountant III, FAS, 301-846-6537

I. Purpose

The Internal Revenue Service (IRS) enacted several changes affecting the types of payments that can be made to foreign national visitors and the related taxability of these payments. Consequently, specific information must be collected about visiting guest researchers, seminar speakers, and consultants in order to remain compliant with the IRS requirements. Information must be collected from foreign national visitors so that payments made to individuals can be properly taxed and the withheld tax can be reported to the IRS.

II. References

Forms can be accessed at: http://home.ncifcrf.gov/saic/bpdocs/. Click on the link for "Payment of Non-Employee Forms."

U.S. Citizen/Resident Aliens/Green Card Holders (http://home.ncifcrf.gov/saic/neforms/)

W-9 Form, Request for Taxpayer Identification Number and Certification

Non–U.S. Citizen Reimbursement of Expenses Only (http://home.ncifcrf.gov/saic/neforms/)

Cover Memo Template to Non–U.S. Citizen Reimbursement of Expenses Only

Foreign National Information Form (FNIF)

W-8 BEN, Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding

Non–U.S. Citizen Forms for Fee Only or Fee and Reimbursement of Expenses (http://home.ncifcrf.gov/saic/neforms/)

Cover Memo Template to Non–U.S. Citizen (Fee Only or Fee and Reimbursement of Expenses)

Foreign National Information Form (FNIF)

W-7 Form, Application for IRS Individual Taxpayer Identification Number

III. Definitions

FAS: Financial and Administrative Systems

IRS: Internal Revenue Service

ITIN: Individual taxpayer identification number

Nonemployee: Visitors to NCI-Frederick, including guest researchers, seminar speakers, and consultants

Policy administrator: Individual assigned to administer the program to provide payment to nonemployees for services performed at NCI-Frederick

SP: Standard Process

SSN: Social security number

IV. Scope

This Standard Process (SP) applies to all nonemployee visitors to NCI-Frederick, including guest researchers, seminar speakers, and consultants.

V. Processes/Guidelines

The following processes must be completed when an honorarium (or other fee) or reimbursement of expenses is made to a seminar speaker, guest researcher, or consultant for effort performed on U.S. soil. If direct payment is not being made to an individual, the following requirements are not necessary. For instance, if we are paying expenses for airfare and hotel directly to the vendors on behalf of an individual, the following processes are not required.

Forms can be accessed at http://home.ncifcrf.gov/saic/bpdocs/

A. Determine whether the nonemployee is a U.S. citizen (or has a green card) or a non–U.S. citizen. This will help the policy administrator determine the type of form required.

B. If the individual is a U.S. citizen or green card-holder, complete the W-9 form and forward it to the policy administrator. No other forms are required.

C. Non–U.S. Citizens

1. **Step One:** Determine the type of payment the individual will receive (i.e., reimbursement of expenses, honorarium, or other fee).
2. **Step Two:** Prepare the "Foreign National Information Form" (http://home.ncifcrf.gov/saic/neforms/FNIF.pdf).
   a. Complete the top box of the "Foreign National Information Form."
   b. Check the appropriate purpose (i.e., seminar speaker, consultant, guest researcher, or other).
   c. Estimate the amount of the fee and/or expenses to be incurred.
   d. Provide dates of the visit.
   e. Provide the program area contact information.
3. **Step Three:** Forward the "Foreign National Information Form" (four pages) to the individual for completion.
   a. The non–U.S. citizen must answer all 19 questions.
   b. The non–U.S. citizen must provide copies of the required documents listed on page 3 of the form.
   c. The non–U.S. citizen must sign at the bottom of the form.

D. Paying an Honorarium or Other Fee

1. **Step One:** If a fee (honorarium or consultant) is to be paid, forward a W-7 form to the individual if he/she does not have a social security number (SSN) or an individual taxpayer identification number (ITIN).
2. **Step Two:** The individual must send the completed W-7 directly to the IRS.
   Note: If the individual has an SSN or ITIN, the W-7 is not required.

E. Submitting Information to the Policy Administrator

1. **Step One:** Forward the "Foreign National Information Form" and all other applicable documents to the policy administrator (all forms must be legible).
2. **Step Two:** If a W-9 or W-8BEN form is required, the policy administrator will notify a representative in the program area.
3. **Step Three:** The program area representative will coordinate with the individual to complete the form and will then forward the completed form to the policy administrator.

F. The policy administrator determines tax liability.

G. Payment will be processed.

H. Points of Emphasis

1. Please remember to complete the top portion of the "Foreign National Information Form" with your name and your extension, along with the types and amounts of payments to be made to the individual.
2. Most communication with the guest researcher, seminar speaker, or consultant will be done via fax. All documents provided to the policy administrator must be legible. Be certain to ask for the original signed documents and send them to the policy administrator. Copies can be provided initially to begin the process; however, the original documents are required for audit purposes.
3. Please use the following Web site to access all forms and additional information on this SP: http://home.ncifcrf.gov/saic/bpdocs/. Click on the link for "Payment of Non-Employee Forms."
4. Please use the above-referenced Web site to access cover memo templates and instructions for initially providing the forms to foreign individuals. There is one set of instructions for individuals who will receive a reimbursement of expenses only and one set of instructions for individuals who will receive a fee only or a fee and reimbursement of expenses.

I. Responsibilities

1. Program Area

a. Determines whether or not the guest researcher, seminar speaker, or consultant is a U.S. citizen (or has a green card) or a non–U.S. citizen.

b. Determines the kind of payment the individual will receive (i.e., reimbursement of expenses, honorarium, or other fee).

c. Based on the above, provides the appropriate form(s) to the individual for completion.

d. Provides the completed form(s) to the policy administrator.

2. Policy Administrator

a. Analyzes the completed forms provided by the program area representative.

b. Communicates with the program area point of contact if further paperwork is required.

c. Responds to questions raised by the program area point of contact.

d. Coordinates with the Accounting Department for the appropriate taxation of the guest researcher, seminar speaker, or consultant.

e. Reports withheld taxes to the IRS.

VI. Attachments

(NONE)

VII. Records

The policy administrator, General Accounting Department, and Financial and Administrative Systems (FAS) will maintain all records.