Service Payments to Foreign Entities and Individuals

**Service Performed Outside of the United States**

**These payments are not IRS reportable and do not require tax withholding.**

**Entities**

* **Required Forms**
  + W-8BEN-E
    - Attach to vendor record/request.
    - Part I needs to be completed. Specifically, lines 1, 2, 4, 6, 7, 8 if they have one and 9b if they have one.
    - Part XXX needs to be completed with a wet/scanned or adobe electronic signature and the certification checkbox checked.
    - Sometimes other W-8 forms are provided/required instead (W-EXP, W-ECI, etc.). Contact Accounting if unsure.
  + Wire Instructions
    - Attach to vendor record/request.
  + NRAPSC
    - Attached to DV
    - Must have location of services and all required signatures.
    - NRAPSC’s over $25K will require a Requisition/PO instead of a DV.
  + Invoice if provided – simple one time payments do not require an invoice as long as the information is contained on the NRAPSC.

**Individuals**

* **Required Forms**
  + W-8BEN
    - Attach to vendor record/request.
    - Part I needs to be completed. Specifically, lines 1, 2, 3, 4, 5 if they have one and 6a if they have one.
    - Part III needs to be completed with a wet/scanned or adobe electronic signature and the certification checkbox checked.
  + Wire Instructions
    - Attach to vendor record/request.
  + NRAPSC
    - Attached to DV
    - Must have location of services and all required signatures.
    - NRAPSC’s over $25K will require a Requisition/PO instead of a DV.
  + Invoice if provided – simple one time payments do not require an invoice as long as the information is contained on the NRAPSC.

**Service Performed Inside of the United States**

**These payments are IRS reportable and may require tax withholding.**

**Entities**

* **Required Forms**
  + W-8BEN-E
    - Attach to vendor record/request.
    - If they need help with the form. You can complete the name and address section for them.  Just have them tell you what type of organization they are – corporation probably.  Then have them sign it.  Nothing else needs to be completed.
    - Part I needs to be completed. Specifically, lines 1, 2, 4, 6, 7, 8 if they have one and 9b if they have one.
    - Part III, lines 14 a and b and line 15, should be completed if they have either a U.S. or foreign TIN and they wish to claim a tax treaty. The U.S. would need to have a treaty with their country in order to do so.
      * Completing this portion will allow the tax treaty, if it is available, and no taxes would need to be withheld.
      * If this part is not completed, or a tax treaty is not available, then taxes will need to be withheld at a rate of 34.25%. Alternatively, the department can choose to pay the taxes for the vendor by requesting a “gross up” in the notes section of the DV.
    - Part XXX needs to be completed with a wet/scanned or adobe electronic signature and the certification checkbox checked.
    - Sometimes other W-8 forms are provided/required instead (W-EXP, W-ECI, etc.). Contact Accounting if unsure.
  + Wire Instructions
    - Attach to vendor record/request.
  + NRAPSC
    - Attached to DV
    - Must have location of services and all required signatures.
    - NRAPSC’s over $25K will require a Requisition/PO instead of a DV.
  + Invoice if provided – simple one time payments do not require an invoice as long as the information is contained on the NRAPSC.

**Individuals**

**Forms will be dependent on visa type – find this out before engaging with service provider.**

* **Required Forms – all visa types.**
  + W-8BEN
    - Attach to vendor record/request.
    - Part I needs to be completed. Specifically, lines 1, 2, 3, 4, 5 if they have one and 6a if they have one.
    - Part III needs to be completed with a wet/scanned or adobe electronic signature and the certification checkbox checked.
  + Wire Instructions
    - Attach to vendor record/request.
  + NRAPSC
    - Attached to DV
    - Must have location of services and all required signatures.
    - NRAPSC’s over $25K will require a Requisition/PO instead of a DV.
  + Invoice if provided – simple one time payments do not require an invoice as long as the information is contained on the NRAPSC.
  + USCIS I-94
    - Form that the visitor obtains online after being admitted into the U.S. (no longer the red/blue oval stamp)
    - Substitute I94 form is only allowed for those coming from Canada.
  + IRS form 8233 – if claiming a tax treaty. It is not required.
    - If he/she has a US tax ID number, he/she can complete this form. Once completed, the original needs to be sent to Accounting and will be mailed to the IRS.  Once it is mailed, any payment to him/her would not be able to be made until 10 business days after mailing.

* + - If he/she does not have a US tax ID#, no 8233 form is needed as he/she will be unable to claim a tax treaty and taxes will need to be withheld from the payment at a rate of 34.25%.  Your department may choose to pay the taxes for him/her so he/she receives the full honorarium amount.  If so, you would complete the DV with the agreed upon amount and add a note to the DV stating that the department wishes to pay the taxes and have the payment grossed up.  In that case, the taxes will be charged to your department
* **Additional Required Forms – B1/B2/Visa Waiver (ESTA) visa types.**
  + MSU B1/B2/VWB Certification Form – all boxes must be able to be checked and signatures obtained.
* **Additional Required Forms – J-1 visa type.**
  + DS-2019 obtained from visitor.
  + Responsible Officer Statement if this is not an MSU J-1 visitor.
  + Note – the 8233 is often not applicable if the J-1 has been in the U.S. more than 90 days.
* **Additional Required Forms – F-1 visa type.**
  + INS I-20
  + Designated School Officer Statement
  + Employment Authorization Card (EAD)
  + Best to call Accounting ahead of time for these – can be complicated and very restricted

**All other visa types consult with Accounting first!!**