Withholding Amounts and Documentation

The following charts illustrate the withholding taxes and withholding certificates required for the most common form of payments from the University, i.e., employment income, self-employment income, scholarships, fellowships, prizes, awards, and royalties. The requirements vary with the U.S. tax status of the recipient (resident alien or nonresident alien) and with the immigration status of the recipient as well. The information contained in these charts is based on current U.S. tax and immigration laws, which are subject to change.

Chart I

Employment Income (Wages)

Recipient	No Treaty Claim	Withholding and Reporting	Treaty Claim	Rate if No W/H Form
Employment income – nonresident alien recipient	Form W-4	Single 1 with an additional amount or Single 0; Form W-2	Form 8233 with Certifying Statement; Form 1042-S	Wage withholding at single 0
Employment income – resident alien recipient	Form W-4	Same rules as for a US citizen Form W-2	Form W-9 with the treaty article and saving clause exception; Form 1042-S.	Wage withholding at single 0

Form W-4. When completing Form W-4, nonresident aliens are required to:

- Not claim exemption from income tax withholding.
- Request withholding as if they are single, regardless of their actual marital status.
- Claim no more than 1 allowance.
- Request an additional income tax withholding amount, depending on the pay cycle (i.e. semi-monthly, bi-weekly, etc.)

Form L-4. A Louisiana state withholding form is required for employment wages and will follow the same guidelines as federal withholding.

If a nonresident alien employee claims a tax treaty exemption from withholding, the employee must submit **Form 8233**. An individual must have a **Social Security Number (SSN)** before treaty exemptions can be granted. Tax treaty benefits expire at the end of each calendar year therefore a new Form 8233 must be submitted annually.

Chart II

Self-employment Income

Recipient	No Treaty Claim	Withholding and Reporting	Treaty Claim
Nonresident Alien	Form W-8BEN	30% Form 1042-S	Form 8233 with an SSN or ITIN; Form 1042-S
Resident Alien	Form W-9 or documentation with an SSN or ITIN	No withholding; Form 1099MISC	N/A
Recipient's tax status unknown;	No documentation	30%; Form 1042-S	N/A

Self-employment income generally refers to Independent Contractor payments that are made in exchange for services performed by an individual who does not have an employee-employer relationship with UNO. These are usually consultants, guest lecturers, honoraria, etc.

The regulations provide that a Form 8233 must include a SSN or the **Individual's taxpayer identification number (ITIN).**

Chart III

Scholarships and Fellowships

Payment Type and Recipient	No Treaty Claim	Withholding and Reporting	Treaty Claim
Qualified scholarship/fellowship – any recipient	N/A	None	N/A
Non-Qualified scholarship/fellowship – a Nonresident Alien in F, M, J, or Q status	No withholding form required	14%; Form 1042-S	Form W-8BEN Part 1 & 2 with SSN or ITIN or may use Form 8233 if also receive treaty exempt compensation; Form 1042-S.
Non-Qualified scholarship/fellowship – a Nonresident Alien in any other status	No withholding form required	30%; Form 1042-S	Form W-8BEN Part 1 & 2 with SSN or ITIN or may use Form 8233 if also receive treaty exempt compensation. Form 1042-S.
Non-Qualified scholarship/fellowship - a Resident Alien	Form W-9	None	Form W-9 with an explanation of the article and exception to the saving clause under which the treaty claim is made. Form 1042-S.

"Qualified" scholarship/fellowship payments are not considered income for federal income tax purposes and are not subject to withholding. This includes:
- tuition and fees required for enrollment or attendance
- fees, books, supplies, and equipment required for course of instruction

Payments paid in excess of qualified scholarships are considered the Non-qualified portion of the scholarship, (i.e. room and board, meal plans, monthly stipends, etc.) and will be considered income and will be subject to tax withholding.

A Form 8233 must be submitted annually. A Form W-8BEN that includes an SSN or ITIN is valid as long as it is used annually for Form 1042-S reporting to the IRS and the facts have not changed.

Chart IV

Prizes and Awards

Payment and Recipient	No Treaty Claim	Withholding and Reporting	Treaty Claim
Nonresident Alien in the United States who remains a resident of the treaty country	Form W-8BEN Part 1	30%; Form 1042-S	Form W-8BEN Part 1 & 2 with an SSN or ITIN; Form 1042-S
Nonresident Alien abroad	Form W-8BEN Part 1	30%; Form 1042-S	Form W-8BEN Part 1 & 2 with an SSN or ITIN; Form 1042-S
Resident Alien	Form W-9 or documentation with a TIN	No withholding; Form 1099MISC	N/A

A Form W-8BEN that includes an SSN or ITIN is valid as long as it is used annually for Form 1042-S reporting to the IRS and the facts has not changed. Otherwise the W-8BEN is valid for three years through December 31 of the last year. Note that the regulations for claims of reduced withholding under an income tax treaty require that the W-8BEN have a TIN. There is no exception for a TIN that is applied for but not yet received.

Chart V

Royalties

Payment and Recipient	No Treaty Claim	Withholding and Reporting	Treaty Claim
Nonresident Alien	Form W-8BEN Part 1	30%; Form 1042-S	Form W-8BEN Part 1 & 2 with an SSN or ITIN; Form 1042-S
Resident Alien	Form W-9 or documentation with a TIN	No withholding; Form 1099MISC	N/A
Recipient tax status unknown.	No documentation	30%; Form 1042-S	N/A

A Form W-8BEN that includes an SSN or ITIN is valid as long as it is used annually for Form 1042-S reporting to the IRS and facts has not changed. Otherwise the W-8BEN is valid for three years through December 31 of the last year. Note that the regulations for claims of reduced withholding under an income tax treaty require that the W-8BEN have a TIN. There is no exception for a TIN that is applied for but not yet received.