



INTERNATIONAL TAX OVERVIEW

The university's international tax specialists provide guidance to international employees and university departments regarding taxation responsibilities and the legality of salary/independent personal services/honoraria payments under the Internal Revenue Code (IRC), Section 1441. This team also works with the international offices on each campus to ensure compliance with immigration work authorization regulations. Any questions concerning strictly *immigration* matters, such as appropriate visa status, processing of immigration (as opposed to taxation) paperwork, changes of immigration status, etc., should be directed to the appropriate campus international office. Any questions about *taxation* issues related to payments for international individuals should be directed to these tax specialists.

TAXATION ISSUES RELATED TO INTERNATIONAL *EMPLOYEES*

Whenever a department hires an international employee (researcher, visiting professor, teaching assistant, research assistant, student hourly), the department must send that individual to an international tax specialist---ideally before any payment is made---to discuss taxation status, and to complete the relevant tax paperwork. *Departments should never, under any circumstances, provide tax advice or tax forms (e.g., Form W-4) to international employees.* To do so without the supervision of an international tax specialist could result in potential illegalities and fines for the employee and for the university. To make an appointment with an international tax specialist:

- CU-Boulder and CU Denver employees can schedule appointments with an international tax specialist [via our online appointment scheduling system](#).



- UCCS employees should send a request for a telephone appointment to IntlTax@CU.edu.

TAXATION ISSUES RELATED TO INTERNATIONAL *INDEPENDENT PERSONAL SERVICES/HONORARIA PAYMENTS* and *REIMBURSEMENTS*

IRC and immigration regulations governing independent personal services and honoraria payments to international individuals are varied and often confusing. Whenever a department plans to make such payments, the most important step is to determine ahead of time the immigration status in which the individual should enter the United States by working with an international tax specialist.

Once the appropriate immigration status is determined, tax forms and immigration documentation required for approval of the payment can be identified. All payment vouchers and scopes of work for independent personal services/honoraria payments to international individuals must be routed through an international tax specialist for payment authorization and taxation. All international independent personal services and honoraria payments are taxed at the statutory rate of 30 percent, with the exception of payments deemed “foreign source income.” Foreign source income payments are payments made for services performed entirely outside the United States by individuals who are not citizens, permanent residents, or residents for tax purposes. Such payments are neither taxable nor reportable to the Internal Revenue Service (IRS). Reimbursements to international individuals, while sometimes not taxable, do also



require specific documentation for approval. Departments wishing to reimburse an international individual should work with an international tax specialist to determine what is required.

Questions about payments for independent personal services, honoraria and reimbursements should be emailed to IntlTax@CU.edu.

TAXATION ISSUES RELATED TO INTERNATIONAL *SCHOLARSHIP RECIPIENTS*

Qualified scholarships (i.e., tuition waivers or any portion of a scholarship that is directly applied to tuition and fees) that are paid to nonresident international degree candidates are nontaxable and not reportable to the IRS. Non-qualified portions of scholarships (i.e., any “leftover” money that is remitted directly to the international student after tuition and fees have been paid, and that can be used as discretionary income) are taxable at the rate of 14 percent. The university remits these taxes to the IRS and places a corresponding charge on students’ tuition bills. Students will be notified by email when a taxable scholarship has been identified on their accounts. In some circumstances, tax treaty eligibility might provide an exemption to the 14 percent taxation. The scholarship recipient should contact an international tax specialist to find out about any existing treaty benefits.

True scholarships are not to be confused with teaching/research assistantships. Under IRC definitions, a true scholarship is one where no service is required in order to receive the money.



When a teaching or research assistantship is a condition of receiving the scholarship, the IRC defines the money earned as “compensation for services rendered,” and thus subject to graduated withholding (W-4) rates.

For any questions about these issues, please email IntlTax@CU.edu.

SOCIAL SECURITY NUMBERS

Please review the [Social Security Number Procedural Statement](#) for questions related to hiring international employees.