



# Payments and Reimbursements

---

## Foreign Non-Affiliates

Global Support Services

8/1/2014

# Table of Contents

<b>Definitions.....</b>	<b>1</b>
<b>Understanding Restrictions.....</b>	<b>2</b>
<b>Determining Immigration and Work Authorization Status .....</b>	<b>2</b>
<b>Inviting a Foreign National Guest .....</b>	<b>3</b>
<b>Types of Payments .....</b>	<b>4</b>
<b>Payment Process.....</b>	<b>5</b>
Honorarium Payment .....	5
Travel Payments and Reimbursements .....	6
Independent Contractor and Consultant Fee Payment .....	7
Payment Method and Timeline .....	8
<b>Payment Points to Consider .....</b>	<b>9</b>
 <b><u>APPENDIX</u></b>	
<b>Contacts and Responsibilities .....</b>	<b>10</b>
<b>Sample Scenarios .....</b>	<b>11</b>
Conference Sponsorship.....	11
Honoraria vs. Lecture Fees.....	12
Travel Advances or Reimbursements.....	13
Fees for Service .....	14
Performance or Entertainment Fees .....	15
<b>Sample Language for Invitation Letters.....</b>	<b>16</b>
<b>Global Support Services Checklist .....</b>	<b>17</b>
<b>Immigration Categories.....</b>	<b>19</b>

This handbook is intended to outline processes and procedures for making payments and reimbursements to foreign non-affiliates as part of a university business activity. This information coordinates with the procedures of the University of Pennsylvania (Penn) for payments of honoraria and travel reimbursements. This guide will outline the circumstances for allowable payments and describe the associated tax implications.

## **DEFINITIONS**

---

**Accountable plan:** A plan for reimbursing individuals for business expenses. Under this plan, the reimbursement that the employee receives for the expense is not included in his/her income, assuming it meets the IRS and Penn accountable plan rules.

**Business activity:** Any activity that is engaged in for the primary benefit of Penn and its overall mission. Business activities can include things like operations, marketing, production and administration.

**Honorarium:** A payment made without legal obligation on the payer's part, made to a person for their services in a volunteer capacity, or for services for which fees are not traditionally required.

**I-94 document:** An electronic printout or paper card that indicates the immigration status granted and authorized period of stay in the U.S.

**Nonimmigrant foreign national:** A person who is not a citizen or lawful permanent resident ("green card holder") of the United States (U.S.).

**Nonresident alien (NRA) for immigration purposes:** A person who is not a citizen or permanent resident of the U.S. who has been admitted based on a nonimmigrant visa for a temporary stay that will end when the purpose of that stay has been met.

**Nonresident alien for tax purposes:** Generally, any F-1 or J-1 full time student who has been in the U.S. for less than five calendar years or any J-1 scholar who has been in the U.S. for two calendar years or less, out of the last six calendar years. Generally, any other nonimmigrant (e.g. H1-B) who is in the U.S. for less than 183 days during his/her first visit here, would be a nonresident alien for tax purposes in that year.

**Nonresident alien corporation:** A legal business entity incorporated in a country outside of the U.S.

**Visa:** An endorsement on a passport indicating that the holder is allowed to enter, leave, or stay for a specified period of time in a country. A foreign national (except citizens of Canada and Mexico) must obtain an entry visa from the Department of State. The visa will allow the person to request entry to the U.S. for a specific immigration status.

## **UNDERSTANDING RESTRICTIONS**

---

Depending on a non-resident alien's immigration and work authorization status, he or she may be prohibited from receiving payments and reimbursements of expenses or from having payments made on his/her behalf by Penn. Payment of business expenses may also be prohibited by immigration restrictions. It is strongly encouraged that departments/centers understand these restrictions before offering honoraria or reimbursements of travel expenses to invited guests. Please see [Immigration Categories](#) for guidance.

Additionally, there are individuals and companies associated with targeted countries, groups, and other entities that fall under "Specially Designated Nationals (SDN)" that Penn cannot engage. SDN's assets are blocked and U.S. persons are generally prohibited from dealing with them. The U.S. Department of the Treasury, Office of Foreign Asset Control (OFAC) has a list of restricted parties. Please consult [www.treasury.gov](http://www.treasury.gov) for more information on the Treasury's Sanctions Programs.

Penn has access to Visual Compliance™, a global trade compliance software that queries individuals or organizations for potential restrictions. Please contact your department or center Business Administrator (BA), school Export Control Liaison, or Global Support Services (GSS) for assistance with such inquiries.

## **DETERMINING IMMIGRATION AND WORK AUTHORIZATION STATUS**

---

Prior to any participation in a Penn event, the inviting department or center must understand the visitor's immigration status and work authorization as well as the nature or level of the participation. There are several scenarios that may result in different restrictions. Aside from immigration categories, any supporting documentation, such as invitation letters or other current or past activities the visitor undertakes in the U.S., can affect his/her payment and reimbursement options. In many cases, Penn can make alternative payment arrangements to individual participants or speakers in the program, but only when these arrangements are made **before** the event or activity. Please contact [Tax and International Operations](#) for such questions.

## **INVITING A FOREIGN NATIONAL GUEST**

---

Once the activity details have been finalized, your department may begin inviting guests, such as speakers or participants. Providing documentation regarding the activity or event is important for both the foreign national (immigration reasons) and for Penn (tax purposes). Using the appropriate terminology in all correspondence is essential.

### **INVITATION LETTERS**

Your department should provide a letter that outlines the reason for the visit and should include: the role of the guest (speaker, participant, etc.), the title of the activity, date, time, fee (if any), and whether travel expenses will be reimbursed.

You can write that you will reimburse the individual for travel costs, but that is not considered an honorarium. You can reimburse for travel, offer an honorarium or both. You can say that you will be offered an honorarium but you cannot specify any dollar amount or the use of the honorarium.

### **VISA LETTERS AND RELATED REQUESTS**

In some cases, guests may ask for assistance in obtaining a visa. In addition to an invitation letter or email, your department may need to provide the participant a formal letter to the U.S. consulate or embassy. When writing an invitation or visa letter, it is helpful to ask that the guest send you copies of the identity page in his/her passport.

Please see the [sample letter](#). You can also find more information on how to write a visa letter at [www.travel.state.gov](http://www.travel.state.gov).

Entry visas are issued by the U.S. Department of State and are obtained at US Embassies or Consulates abroad. The visa applicant should present the visa application materials during a scheduled interview at a US Embassy or Consular post in his/her home country.

It is possible the consular officer may determine that a different immigration status is more appropriate for the foreign national's visit and additional or different documentation may be required. In addition, the actual permission to enter the U.S. is granted by the Customs and Border Protection officer at the U.S. port of entry. It is important to check the I-94 stamp in the foreign national's passport as well as the electronic or paper I-94 to confirm the immigration status and length of stay granted.

## **TYPES OF PAYMENTS**

---

It is important to understand the nature of the guest's participation in the Penn activity and be able to distinguish whether the guest will receive an honorarium or fee for his/her service.

### **HONORARIA**

An honorarium is provided as a token of appreciation for participation in a usual academic activity that benefits Penn, including lecturing, teaching, consulting, conducting research, attending meetings, symposia or seminars, or otherwise sharing knowledge.

Any discussion explicitly outlining a monetary amount for the guest's participation will be considered a fee for service, indicating the guest as an independent contractor. If the guest suggests a standard participation, speaking, or other fee, then it is **not** an honorarium.

### **INDEPENDENT CONTRACTOR & CONSULTANT FEES**

An independent contractor or consultant is a person who provides services to Penn. If a specific fee is charged for a speaking engagement or an individual indicates they will participate or speak only if they are compensated, then the amount paid is considered a fee for service.

Whether the person is an employee or an independent contractor revolves around the facts and circumstances of each case. If an individual meets the independent contractor criteria established by the Internal Revenue Service (IRS), they will be treated as an independent contractor.

To determine whether the individual providing services is an independent contractor under IRS guidelines, please refer to the [Independent Contractors & Consultants Guide](#)

## **PAYMENT PROCESS**

---

### **HONORARIUM PAYMENT**

The process for paying an honorarium to a foreign national is complex because Penn, as well as three separate government departments—Department of State, Department of Homeland Security, and the IRS, are involved.

Please refer to Immigration Categories and use the [Inviting & Paying an Honorarium to a Foreign National for Academic Activities](#) checklist to ensure all steps have been taken. Additional information can be found at [Honoraria Payments](#).

### **Comptroller Office Procedure**

The following documents must be submitted to Accounts Payable. From there, Tax and International Operations will review and authorize an honorarium payment.

- [Procurement/Disbursement Authorization Form](#) for foreign non-affiliates (PDA-F)
  - Honoraria and awards should be coded to object codes 5314 and 5344, respectively
- [Foreign Visitors Honoraria Eligibility Certification Form \(FVHEC\)\\*](#)
- [Foreign National Information Form \(FNIF\)\\*](#)
- [W-8BEN Form\\*](#)
- Photocopies of the identity page in passport, entry stamp in passport, I-94 document (electronic printout or paper card), and the visa page (if applicable)
  - If J-1, you will need an authorization letter from sponsoring institution and a copy of Form DS-2019 (Certificate of Eligibility for Exchange Visitor (J-1) Status)
- Copy of the event announcement, invitation letter, or other documentation describing activity

\* It is the department's responsibility to provide the individual's U.S. Social Security Number (SSN) or Individual Taxpayer Identification Number (ITIN) on the W-8BEN, FNIF, or FVHEC forms. Without a U.S. taxpayer ID number, Penn could be charged a \$100 fee by the IRS for reporting income on a 1042-S without identification.

### **IRS Rules**

- All payments of honoraria to nonresident aliens who come to Penn must be reported to the IRS on Form 1042-S.
- All honoraria payments to foreign nationals will be taxed at a 30% rate, unless a tax treaty reduces or eliminates withholding. If the visitor does not provide a SSN or an ITIN, treaty benefits cannot be applied and 30% will be withheld for federal taxes. This may also result in fees to Penn for improper identification.

If an individual is eligible for the benefits of an Income Tax Treaty, the Tax and International Operations will produce the document and will contact the host department requesting the appropriate signatures.

Visitors in TN, H-1B or O status not sponsored by Penn may **not** receive honoraria or service payments (including employee compensation).

## TRAVEL PAYMENTS AND REIMBURSEMENTS

Whenever possible, Penn departments and centers should make travel arrangements for guests directly.

### Direct Payment to Travel Vendor

- **Airfare:** Penn employees are instructed to make flight reservations with World Travel Inc., through [Concur](#). To do this, sign in to your own Concur account; select “Guest Traveler” in the drop-down box “You are administering travel for:” and proceed to book.
- **Hotel:** Hotel accommodations should also be made on behalf of the guest and with our preferred vendor hotels. Penn employees should use the Bank of America (BOA) [Penn Travel Card](#) to make reservations and to provide the credit card authorization to the hotel. This is not direct bill and the employee’s BOA Penn Travel Card will need to be expensed under the employee’s expense report in Concur.
- **Rental cars:** For rental cars the guest must use their own credit card and be reimbursed.
- **Meals:** When possible, meals should also be purchased by staff using the Penn Travel Card. All required receipts and documentation should be retained for submission to Concur.

Please see [Penn’s Travel and Expense Management](#) (TEM) for assistance and for more information regarding Penn-sponsored travel.

Additional information regarding Penn’s travel policies can be found at:

- [2361 Travel and Entertainment Reimbursement Policy-Meals and Entertainment](#)
- [2367 Travel and Entertainment Reimbursement Policy-Per Diems](#)

### Travel Reimbursement to an Individual/Guest

Depending on the immigration status and work authorization, some guests may not be eligible for travel reimbursements. Please consult [Immigration Categories](#) and [Penn's Comptroller's Office](#) website regarding honoraria eligibility and required documentation.

### Comptroller Office Procedure

The following documents must be submitted to Accounts Payable. From there, Tax and International Operations will review and authorize a travel reimbursement payment.

- [Guest Travel Reimbursement Worksheet \(GTR\)](#)
  - Attach receipts supporting the GTR worksheet (preferably copies of original receipts)
- [PDA-F Form](#)
  - Reimbursement payments should be coded to travel object codes 5206 (domestic) or 5207 (foreign)
- [FNIF Form](#)
- [W-8BEN Form](#)
- Photocopies of the identity page in passport, entry stamp in passport, I-94 document (electronic printout or paper card), and the visa page (if applicable)
- Copy of the event announcement, invitation letter, or other documentation describing activity



## Original Receipts

- **Meals:** Both the original itemized receipt and the credit card receipt from the restaurant are required. Penn will not process reimbursements without **both** receipts. No alcohol will be reimbursed.
- **Hotel:** The itemized final bill (any amenities Penn will cover under its policies and procedures should be discussed beforehand with guest).
- **Transportation:**
  - Itineraries, original boarding pass stubs, checked bag receipts, **and** proof of ticket purchased is required for all travel (air, rail, bus, etc.)
  - Personal or rental cars
    - Taxi, shuttle, or car service receipts
    - Car rental agreements
    - Parking
    - For those claiming mileage, a reparable mapping service (Google Map, MapQuest, etc.) printout, that details the destination start and end point, must be submitted. Mileage is reimbursed at the rate of 55 cents per mile. Tolls and parking can also be reimbursed, with receipts.

## INDEPENDENT CONTRACTOR AND CONSULTANT FEE PAYMENT

The payment process to independent contractors or consultants differs greatly from that of honoraria. Once it has been determined that the guest will be an independent contractor or consultant, all payments shall follow the process outlined by Penn's Accounts Payable Office and reported on the PDA-F form and taxed (unless a treaty applies). Please note, independent contractors or consultants do not receive reimbursements for travel or meals. Travel expenses incurred by the contractor or consultant that Penn will cover must be outlined within the fee structure.

For more information and assistance with independent contractors or consultants, please contact Penn's [Tax & International Operations Department](#) or [Accounts Payable](#).

## Comptroller Office Procedure

The following documents must be submitted to the Accounts Payable. From there, Tax and International Operations will review and authorize payment.

- [PDA-F Form](#)
- [FNIF Form](#)
- [W-8BEN Form](#) or [W-8BEN-E Form](#) (for entities)
- Photocopies of the identity page in passport, entry stamp in passport, I-94 document (electronic printout or paper card), and the visa page (if applicable)
  - If J-1, you will need an authorization letter from sponsoring institution and a copy of Form DS-2019
- Copy of the event announcement, invitation/offer letter, or other documentation describing activity.

## **PAYMENT METHOD AND TIMELINE**

It is strongly suggested that your department inquire whether the foreign national has access to international banks. Many visitors may not be able to accept wire transfer, direct deposit, or cash U.S. checks. Although Penn has the ability to wire to most countries, bank fees may be deducted from the payment and/or charged to your department.

Please consult with your guest prior to his/her arrival. Alternative means can be arranged **before** guests arrive in the U.S. Working with Accounts Payable is critical, especially if providing per diems.

Please allow 30 days for overall processing and two weeks for checks to be issued.

## **PAYMENT POINTS TO CONSIDER**

---

### **GRANT FUNDING**

Host departments or centers should consult their Business Administrator (BA) or grant administrator regarding payments made using grant funds. Grant funds may be limited to program expenses only. There may be limitations on types of visa and other rules regarding taxation. You may also consult [Penn's Office of Research Services](#).

Additional resources can be found at:

- [NIH Grants Policy Statement](#)
- [U.S. Office of Management and Budget \(OMB\)](#)  
(Section J: General provisions for selected items of cost)

### **GIFTING**

Penn does not allow individuals receiving an honorarium or fee to instruct Penn to direct a gift inside or outside of Penn. If the guest has requested gifting his/her honorarium or fee, the payment will go directly to the guest, and the guest will have to make arrangements. If the guest has designated that Penn should donate his/her honorarium, then it is Penn's decision who will receive the gift.

### **PAYING THIRD PARTIES**

In some instances and for tax reasons, Penn may hire a third party and pay an individual through that company. There are different processes for paying through a company or foreign entity. As previously stated, the beneficiary should not mandate the amount. If the guest is already affiliated with a different organization, it is possible to pay the host school/organization/company instead of the individual.

### **LONGER TERM COMMITMENTS**

If the arrangement has the potential for a longer term commitment or larger payment amounts, other forms of payment should be considered. The nature of the relationship should be reviewed to determine appropriate employment or guest status. If additional tax liabilities are imposed, Penn will be obligated to collect them.

## **CONTACTS AND RESPONSIBILITIES**

---

### **OFFICE OF THE COMPTROLLER**

<b>Accounts Payable</b>	440 Franklin Building 3451 Walnut Street Philadelphia, PA 19104 215-898-2626 <a href="mailto:apsup@exchange.upenn.edu">apsup@exchange.upenn.edu</a>	For questions regarding disbursements for independent contractors or consultants, and non-affiliate reimbursements
Renee Smith, Manager – Accounts Payable Disbursements	<a href="mailto:joycers@upenn.edu">joycers@upenn.edu</a> 215-898-3611	
<b>Tax &amp; International Operations</b>	308 Franklin Building 3451 Walnut Street Philadelphia, PA 19104 215-898-6291	For questions regarding tax issues for honoraria, reimbursements & payment issues for foreign nationals
Kathy Hewitt, Manager - Tax & International Operations	<a href="mailto:tax@exchange.upenn.edu">tax@exchange.upenn.edu</a> 215-898-1543	
Victor Adams, NRA Tax Accountant	<a href="mailto:tax@exchange.upenn.edu">tax@exchange.upenn.edu</a> 215-898-6291	

### **PENN GLOBAL**

<b>Global Support Services</b>	International House 3701 Chestnut Street 2nd Floor Philadelphia, PA 19104 Phone: +1-215-898-1640 Khoma@upenn.edu	For assistance with financial and administration questions and payment process
<b>International Student and Scholar Services</b>	3701 Chestnut St, Suite 1W Philadelphia, PA 19104 Phone: +1-215-898-4661 <a href="mailto:isss@pobox.upenn.edu">isss@pobox.upenn.edu</a>	For questions regarding immigration categories and regulations

## **SAMPLE SCENARIOS**

---

### **SCENARIO: CONFERENCE SPONSORSHIP**

*Your department is hosting a large conference. You have invited four international speakers. Three of the speakers will travel on B visas and one is on a J. Your department has decided to pay all of their travel expenses, including airfare and hotel accommodations. You will also pay each of them a small honorarium (\$300). In addition, your department is awarding 10 international participant scholarships. These scholarships will cover the conference registration fee and hotel accommodations. How do you proceed?*

#### **Honorarium Process:**

- Review [Immigration Categories](#) and determine [honorarium eligibility](#)
- Submit the following to Accounts Payable:
  - [PDA-F Form](#)
    - Honoraria and awards should be coded to service object codes 5314 and 5344, respectively
  - [FVHEC Form](#)
  - [FNIF Form](#)
  - [W-8BEN Form](#)
  - Photocopies of the identity page in passport, entry stamp in passport, I-94 document (electronic printout or paper card), and the visa page (if applicable)
    - If J-1, you will need an authorization letter from sponsoring institution and a copy of Form DS-2019
  - Copy of the event announcement, invitation letter, or other documentation describing activity

#### **Travel Process:**

If travel expenses need to be reimbursed for rental cars or incidentals, please follow the [travel reimbursement to individual/guest](#) procedures. Otherwise:

- Make airfare reservations and payment directly through World Travel on behalf of the travelers. Make sure to have his/her passport information when making the reservation, including correct spelling of his/her full name.
- Pay the hotel directly for the accommodations and determine what your department will cover. Consult Penn TEM for Penn's preferred vendors.
- Pre-arrange car service for pick-up from the airport through Penn TEM.

#### **Scholarship Process:**

In this scenario, the department has used the word "scholarship" to define the sponsorship. This is not truly a scholarship, but rather a fee waiver and expense reimbursement. Be careful with the wording you use, as it can imply taxability.

- Travel grants, reimbursements, and/or payments that have no benefit to Penn are **not** covered under the IRS accountability rule and therefore are taxable to the recipient.
- Travel reimbursements related to a business expense should be paid as above.

Contact: [Tax & International Operations](#) for information or questions on activities.

Kathy Hewitt, Manager - Tax & International Operations, at [tax@exchange.upenn.edu](mailto:tax@exchange.upenn.edu)

Victor Adams, NRA Tax Accountant, at [tax@exchange.upenn.edu](mailto:tax@exchange.upenn.edu)

## SCENARIO: HONORARIA VS. LECTURE FEES

*Your department has invited Dr. Smith, a visiting professor at Yale, to speak at an upcoming symposium, and has offered to pay her a small honorarium. Dr. Smith is a British citizen. How do you proceed? Instead of an honorarium, what do you do if you pay her a lecture fee? How do you proceed?*

### Honorarium Process:

- Review [Immigration Categories](#) and determine [honorarium eligibility](#)
- Submit the following to Accounts Payable:
  - [PDA-F Form](#)
    - Honoraria and awards should be coded to service object codes 5314 and 5344, respectively
  - [FVHEC Form](#)
  - [FNIF Form](#)
  - [W-8BEN Form](#)
  - Photocopies of the identity page in passport, entry stamp in passport, I-94 document (electronic printout or paper card), and the visa page (if applicable)
    - If J-1, you will need an authorization letter from sponsoring institution and a copy of Form DS-2019
  - Copy of the event announcement, invitation letter, or other documentation describing activity

### Lecture Fee (Independent Contractor) Process:

In the case that your department provides a “lecture fee”, the guest would then be considered an independent contractor and Penn’s procurement/disbursement process should be followed.

- Submit the following to Accounts Payable:
  - [PDA-F Form](#)
  - [FNIF Form](#)
  - [W-8BEN Form](#) or [W-8BEN-E Form](#)
  - Photocopies of the identity page in passport, entry stamp in passport, I-94 document (electronic printout or paper card), and the visa page (if applicable)
    - If J-1, you will need an authorization letter from sponsoring institution and a copy of Form DS-2019
  - Copy of the event announcement, invitation/offer letter, or other documentation

Contact [Tax & International Operations](#) or [Accounts Payable](#) for information or questions on activities.

Kathy Hewitt, Manager - Tax & International Operations, at [tax@exchange.upenn.edu](mailto:tax@exchange.upenn.edu)

Victor Adams, NRA Tax Accountant, at [tax@exchange.upenn.edu](mailto:tax@exchange.upenn.edu)

### **SCENARIO: TRAVEL ADVANCES OR REIMBURSEMENTS**

*Your department is hosting an international workshop and is covering the travel expenses for each participant (airfare, dorm accommodations, & meal per diem). The participants are unable to pre-pay for their travel expenses and wait to be reimbursed. You are unable to wire money to their location. What are your options?*

#### **Process:**

Wherever possible, travel arrangements should be made by Penn directly. In this scenario, you will need to submit the following documents to Tax and International Operations. Tax and International Operations will review and determine any withholding and use the form to procure and pay.

- [PDA-F Form](#)
- [GTR Worksheet](#)
- Under Penn's accountable plan, guests requesting reimbursements may need to submit a supplementary worksheet.

Contact: [Tax & International Operations](#) or [Accounts Payable](#) for information or questions on activities.

Renee Smith, Manager – Accounts Payable Disbursements, at 215-898-3611 or [apsup@exchange.upenn.edu](mailto:apsup@exchange.upenn.edu)

### **SCENARIO: FEES FOR SERVICE**

*Your department has invited its keynote speaker, Dr. Brown, a renowned researcher, for your annual conference. Along with providing his usual speaking fee of \$3,000, your department has also commissioned a study. You have agreed to pay him an additional \$2,000 for his report. The report was prepared outside the U.S. How do you proceed?*

#### **Speaking Fee (Independent Contractor Rule) Process:**

In the case that your department provides a “speaker fee”, the guest would then be considered and independent contractor and Penn’s procurement/disbursement process should be followed.

- Submit the following to Accounts Payable:
  - [PDA-F Form](#)
  - [FNIF Form](#)
  - [W-8BEN Form](#) or [W-8BEN-E Form](#)
  - Photocopies of the identity page in passport, entry stamp in passport, I-94 document (electronic printout or paper card), and the visa page (if applicable)
    - If J-1, you will need an authorization letter from sponsoring institution and a copy of Form DS-2019
  - Copy of the event announcement, invitation/offer letter, or other documentation

#### **Commissioned Study and Report:**

- Payment for the report should be paid while the speaker is in his/her home country
  - If the report is prepared outside the U.S., it is considered as a Foreign Source Income and therefore is not reportable or taxable in the US.

Contact: [Tax & International Operations Department](#) for information or questions on activities  
Kathy Hewitt, Manager - Tax & International Operations, at [tax@exchange.upenn.edu](mailto:tax@exchange.upenn.edu)  
Victor Adams, NRA Tax Accountant, at [tax@exchange.upenn.edu](mailto:tax@exchange.upenn.edu)



### **SCENARIO: PERFORMANCE OR ENTERTAINMENT FEES**

*Your center has invited the Japanese drumming troupe KODO to perform at Penn as part of International Week. Your center, along with three other Penn centers, is co-sponsoring the troupe. Each center will provide a \$500 performance fee to the troupe (\$2,000 in total). How do you proceed?*

#### **Process:**

- Determine if the troupe has a Central Withholding Agreement (CWA)
  - This agreement is entered into by the nonresident alien athlete or entertainment group, a designated withholding agent and authorized representative of the IRS.
  - For a specific tour or series of events, withholding is based upon budget and net profit estimations
  - Not effective unless signed by all parties, and requires compliance to Federal Income tax returns and payment obligations
  - More than one may be required if the tour spans additional calendar years for Form 1040 NR
- If the troupe has no CWA on file
  - [PDA-F Form](#)
  - [W-8BEN Form](#)
  - Documentation for all performers (W-8Ben, copies of visa/passport/entry stamp, FNIF form and amount due to each individual)
  - Taxable at 30% unless exempt under treaty
  - Each performer will receive a 1042S

Contact [Tax & International Operations Department](#) for information or questions on activities  
Kathy Hewitt, Manager - Tax & International Operations, at [tax@exchange.upenn.edu](mailto:tax@exchange.upenn.edu)  
Victor Adams, NRA Tax Accountant, at [tax@exchange.upenn.edu](mailto:tax@exchange.upenn.edu)

## **SAMPLE LANGUAGE FOR INVITATION LETTERS**

---

The following are samples to assist in writing invitation letters to your guest participant or speaker. In some cases, your guest may require a formal visa letter. You may include the information for a visa in your invitation letter or write separate letters. In general, all letters should be written on Penn letterhead and should include the formal name of the participant (as written in passport), purpose of the trip, title of program, date, location of event. Underlined text should change depending on the details of your letter.

### **INVITING A GUEST TO A PROGRAM/EVENT WITH AN HONORARIUM:**

Dear Dr. Smith,

We are looking forward to your upcoming talk, “Entrepreneurial Spirit” on November 10, 2049. Please contact the Department Coordinator, Jane Doe, at [janedoe@upenn.edu](mailto:janedoe@upenn.edu) or 215-898-XXXX, to arrange for her to purchase your air or rail ticket. Penn Engineering Entrepreneurship is also pleased to offer you a token honorarium for your time and participation.

### **INVITING A GUEST TO A CONFERENCE/ACTIVITY TO WHICH YOUR DEPARTMENT SPONSORS THE TRAVEL:**

Dear Ms. Smith,

Congratulations! You have been selected to participate in the University of Pennsylvania’s Annual Vet Conference, 2084. In addition you have been selected to receive a sponsorship which will cover your program fee and on-campus accommodations. We are excited to extend to you an invitation and welcome you to our program.

### **VISA LETTER:**

May 12, 2048

Chief of the Nonimmigrant Visa Section  
U.S. Embassy – London

Dear Sir/Madame:

This is to advise that the University of Pennsylvania’s Materials Science and Engineering department has requested that Mr. David Smith attend the Annual Inspirational Biomaterials Conference in Philadelphia, PA, March 14, 2049.

Mr. David Smith will be attending and presenting at the Annual Inspirational Biomaterials Conference on materials research. The conference focuses on fostering development of new implant materials and devices for improvement of the human condition. The meeting program will include the latest innovations in materials science, molecular and cell biology and engineering.

Mr. David Smith will be traveling to the U.S. unaccompanied.

Mr. David Smith is a Royal Society Research Professor in Physics at University of Manchester.

We kindly ask your assistance in facilitating the processing of the visa for Mr. David Smith.

Sincerely,

	<b>Global Support Services Checklist: Inviting &amp; Paying an Honorarium to a Foreign National for Academic Activities</b>
---	---

**Name of Foreign National:** \_\_\_\_\_

**Title of Activity:** \_\_\_\_\_

**Date of Activity:** \_\_\_\_\_

**Pre-arrival planning:**

- ☐ Finalize the activity details: title of activity, date, time, honorarium amount and whether travel expenses will be reimbursed
- ☐ Confirm recipients' banking and currency options
- ☐ If individual is on a VW or B visa, confirm if they meet the *Honorarium Rule* (if not, only travel reimbursement is allowed for B-1 visa holders).
- ☐ If J-1 scholar, direct the individual to get an authorization letter from home department at sponsoring university
  - If Penn is the sponsoring university, payment must be listed on Form DS-2019
- ☐ Determine if foreign national is eligible for a tax treaty exemption. Visit [IRS Publication 515](#) for available treaties and [Publication 901](#)
  - If not eligible, payment may be made with appropriate federal tax withholding at 30%
  - If eligible, ask if he/she has a U.S. SSN or ITIN (one is needed in order to claim the treaty):
    - If the individual is eligible for the tax treaty, the form 8233 will be created by Tax and International Operations and sent to the host department or center for signature. If **yes** and would **not like** to claim the tax treaty, payment can be made with the appropriate federal withholding tax at the rate of 30%. The ITIN should still be provided to Accounts Payable for tax reporting purposes.
    - If **no**, 30% federal tax will be withheld from the payments.
- ☐ Send invitation letter to the foreign national to communicate the details of the activity

**Department makes travel arrangements**

- ☐ Airfare with World Travel through Concur
- ☐ Reserve hotel accommodations with preferred vendor and uses BOA Penn Travel Card
- ☐ Complete other travel logistics

**When the individual has arrived on campus:**

- ☐ Make a copy of identity page in passport (make sure copy is readable)
- ☐ Make a copy of visa and/or port of entry stamp in passport (make sure copy is readable)
- ☐ Make a copy of the I-94 document (electronic printout or paper card)
- ☐ If J-1 scholar, make a copy of the authorization letter & DS 2019
- ☐ Have guest complete [Foreign Visitors Honoraria Eligibility Certification Form \(FVHEC\)](#)

**Department sends the following to Accounts Payable:**

- ☐ [Procurement/Disbursement Authorization Form](#) for foreign non-affiliates (PDA-F)
  - Object codes: Honoraria (5314), Awards (5344)
- ☐ [FVHEC Form](#)
- ☐ [Foreign National Information Form \(FNIF\)](#) (No longer needed if submitting expense report to Concur)
- ☐ [W-8BEN Form](#)
- ☐ If J-1 scholar, copy of permission letter and DS 2019
- ☐ Copy of passport identity page
- ☐ Copy of visa and/or port of entry stamp in passport
- ☐ Copy of the I-94 document (electronic printout or paper card)
- ☐ Copy of Penn's departmental invitation letter sent to foreign national prior to event.

**Pay the foreign national:**

- ☐ Will-call pick up check from Mailing Services in 3-5 business days **OR**
- ☐ Mail to department's attention through campus mail **OR**
- ☐ Wire funds **OR**
- ☐ Mail directly to foreign national's address

**Travel expense reports**

- ☐ Complete travel expense report in Concur from BOA Penn Travel Card



## Immigration Categories

Immigration Classification	Immigration Documents	Restrictions	Remarks
B-1 Visitor for Business	Passport and B-1 stamp in passport and/or I-94 printout or paper I-94 card	Cannot work in the U.S., but may receive honorarium if certain conditions are met	1. see honorarium rules
B-2 Visitor for Pleasure	Passport and B-2 stamp in passport and/or I-94 printout or paper I-94 card	Cannot work in the U.S., but may receive honorarium if certain conditions are met	1. see honorarium rules
WB: Visa Waiver for Business	Passport and WB stamp on passport and/or I-94 printout	Cannot work in the U.S., but may receive honorarium if certain conditions are met	1. see honorarium rules Same as B-1 but no visa sticker as from a Visa Waiver Program eligible country
WT: Visa Waiver for Tourism	Passport and WT stamp on passport and/or I-94 printout	Cannot work in the U.S., but may receive honorarium if certain conditions are met	1. see honorarium rules Same as B-2 but no visa sticker as from a Visa Waiver Program eligible country
F-1 Student (Penn)	Passport, F-1 stamp in passport and/or I-94 printout or paper I-94 card, and Penn I-20	Part-time on-campus work for/at Penn; full time during breaks	Employment for Penn, on Penn Payroll and on Penn premises. No special permission needed as long as in valid F-1 status
F-1 Student (non Penn)	Passport, F-1 stamp in passport and/or I-94 printout or paper I-94 card, non-Penn I-20, and separate work authorization	Refer to specific CPT or OPT employment authorization	Look for valid CPT authorization on Page 3 of non-Penn I-20; or OPT card from USCIS
J-1 Student (Penn)	Passport, J-1 stamp in passport and/or I-94 printout or paper I-94 card, and Penn DS-2019	Part-time on-campus work for/at Penn; full time during breaks	Must have written authorization from ISSS in advance (valid for up to 12 months at a time)
J-1 Student (non Penn)	Passport, J-1 stamp in passport and/or I-94 printout or paper I-94 card, non-Penn DS-2019, and Academic Training authorization for Penn from J-1 sponsor	Refer to the Academic Training authorization letter for specifics	
J-1 Scholar (Penn)	Passport, J-1 stamp in passport and/or I-94 printout or paper I-94 card, and Penn DS-2019	For post docs, visiting scholars, visiting professors, visiting research fellows, etc.	2. what to look for on DS-2019 Not for regular (or student) employment types of appointment even at Penn
J-1 Scholar (non Penn)	Passport, J-1 stamp in passport and/or I-94 printout or paper I-94 card, non-Penn DS-2019, and written authorization for Penn from J-1 sponsor	Refer to the authorization letter from the sponsor	
J-2 Dependents	Passport and EAD card	No restrictions unless the job is specifically for U.S. citizens only	Check for valid Employment Authorization Document (card)

## Appendix

H-1B Employee (Penn)	Passport, H-1B stamp in passport and/or I-94 printout or paper I-94 card, and Penn's I-797 Approval Notice	Limited to work only in the approved H-1B position	<b>3. what to look for on I-797</b> No changes including FTE, title, duties, location, payment, etc.
H-1B Employee (non Penn)	---	Not allowed at Penn for any activities	
E-3 Employee (Penn)	Passport and E-3 stamp in passport and/or I-94 printout or paper I-94 card *	Limited to work only in the approved E-3 position	<ul style="list-style-type: none"> <li>• Must check with ISSS in advance for employment start and end dates *</li> <li>• No changes including FTE, title, duties, location, payment, etc.</li> </ul>
E-3 Employee (non Penn)	---	Not allowed at Penn for any activities	
E-3 Dependents	Passport and EAD card	No restrictions unless the job is specifically for U.S. citizens only	Check for valid Employment Authorization Document (card)
TN Employee (Penn)	Passport and TN stamp in passport and/or I-94 printout or paper I-94 card	Limited to work only in the approved TN position	<ul style="list-style-type: none"> <li>• Check the back of the paper I-94 card or entry stamp in the passport for the employer's name and position title.</li> <li>• Must be for Penn</li> </ul>
TN Employee (non Penn)	---	Not allowed at Penn for any activities	
O-1 Employee (Penn)	Passport, O-1 stamp in passport and/or I-94 printout or paper I-94 card, and Penn's I-797 Approval Notice	Limited to work only in the approved O-1 position	<ul style="list-style-type: none"> <li>• No changes including FTE, title, duties, location, payment, etc.</li> <li>• I-797 Approval Notice looks similar to H-1B's</li> <li>• Check with ISSS as rare</li> </ul>
O-1 Employee (non Penn)	---	Not allowed at Penn for any activities	
Permanent Residents	Permanent Resident card	No restrictions unless the job is specifically for U.S. citizens only	
<p><b><i>For all other immigration categories, the rules vary greatly. Check with ISSS first (215-898-4661; <a href="mailto:iss@pobox.upenn.edu">iss@pobox.upenn.edu</a>).</i></b></p> <p>NOTE: Dependents of F-1, H-1B, O-1, and TN are not allowed to work in the U.S.</p>			

1. B-1/B-2/WB/WT: honorarium payment and associated incidental expenses for usual activities benefiting Penn lasting no longer than 9 days, and has not accepted such payments from more than 5 institutions in last six months.
2. J-1 Scholars: on the DS-2019, should see "University of Pennsylvania" on Section 2 Program Sponsor.
3. H-1B Employees: on the I-797, should see "Univ of Pennsylvania" (or Univ of PA) under the PETITIONER section. The section right below the NOTICE DATE, should read "University of Pennsylvania, c/o ... 3701 Chestnut St. Ste 1W Philadelphia PA 19104."

**NOTE: Do not duplicate or distribute without prior permission from the Penn Global - International Student and Scholar Services (ISSS)**