

FOREIGN ENTITY PAYMENTS – COLLEGE/UNIVERSITY PROCESS

1. College or university follows Minnesota State Purchasing & Contract Procedures
2. Campus Data Gathering
 - a. Campus gathers IRS W-8 series form from foreign vendor, and
 - b. Completes Minnesota State's internal Foreign Vendor Intake Form, and
 - c. Sends both forms with the purchase contract and/or invoice to Tax Services via MoveItSecurely to tax@minnstate.edu
 - d. Campus **does not** contact Minnesota Management and Budget (MMB) directly
3. Tax Review & Determination:
 - a. Tax Services will review the contract/invoice, the W-8 & the Foreign Vendor Intake information. When necessary, Tax will contact the campus to request further details and/or documents (See page two for examples).
 - b. Tax will determine whether the payment may be made and what tax withholding and/or reporting is required and communicate this determination to the campus on a signed Foreign Vendor Intake form.
4. MMB & SWIFT
 - a. Tax Services provides the intake form & vendor's W-8 form to MMB and either

Examples

Foreign Vendor Payment Examples:

Example A:

To increase enrollment of South American students at their campus, MSU, Mankato is contracting with a new recruitment agent who lives in Argentina. All recruitment services will be performed in South America. Mankato sends Tax the recruiter's W-8BEN form and completed Minnesota State Foreign Vendor Intake form. Tax reviews the W-8 for accuracy.

The Foreign Vendor Intake Form says that all services will be performed overseas, so Tax

determines that there will be no tax withholding or reporting required. Tax notes this on the Foreign Vendor Intake Form, signs the form and returns it to MSU, Mankato. Tax provides

MMB with the signed W-8 and Foreign Vendor Intake form and

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to foreigners who enter the country under B visitor/business status or under a visa waiver status.

3. B Honoraria Eligibility Certification

If the visitor is coming into the U.S. under B visitor status or under a visa waiver program, we are allowed to pay them if they perform academic services for the benefit of the college/university, the activities last no more than 9 days at the college/university, and if the visitor has not accepted honoraria from more than 5 other institutions in the previous 6 month. This is known as the 9-5-6 Rule.

4. IRS Form 8233 Exemption From Withholding on Compensation for Independent (and Certain Dependent) Personal Services of a Nonresident Alien Individual

If the visitor has a U.S. tax identification number and if they are eligible to claim a tax treaty benefit to exempt the payment from nonresident alien taxation, Form 8233 can be filed to exempt the payment from the 30% nonresident alien tax.

Tax works with the campus to gather all the available documentation. On the Foreign Vendor Intake Form, Tax indicates whether tax withholding will be necessary and signs the form. Tax sends the signed intake form and W-8BEN to MMB and requests that they set up a new foreign vendor in SWIFT. When setting up the contract in MarketPlace or Workday, the campus indicates that the vendor is foreign and uploads the completed Foreign Vendor Intake Form & W-8BEN as attachments.