

# DISBURSEMENTS

## PROCEDURE – PAYMENT TO NON-RESIDENT ALIENS

### **To reimburse qualified business/travel expenses:**

Complete Business Expense Reimbursement Form (BERF)

- Include original receipts
- Include the non-resident alien's address

Note: The rules are the same for employee reimbursements.

### **To process honorarium or other payments for services**

All payments for services performed in the United States by non-resident aliens are reportable to the IRS, and may be taxable. All payments for non-employee services will be subject to withholding at the statutory rate, of 30% for payments made in calendar year 2006. However, the alien may be able to claim an exemption from this withholding if there is a tax treaty provision between the US and the alien's country of citizenship. For a list of countries and their tax treaty exemption amounts see "[U.S. Tax Treaties for Independent Personal Services](#)" list.

To process a payment, the following is required:

- Check requisition (must complete the 'IRS tax information' section)
  - Attach any invitation/flyer/seminar announcement that supports the payment.
  - Payments for services are subject to a 30% rate of tax unless a tax treaty exemption can be claimed.
- To claim a tax treaty exemption, the alien needs to complete the IRS Form W-8BEN **and** have a valid US issued social security (SSN) or Individual Taxpayer Identification number (ITIN). ***Note: The IRS no longer requires the alien to provide an ITIN or SSN unless a tax treaty exemption is being claimed.***
- **IRS Form W-8BEN** - Exemption from withholding on Compensation for Independent Personal Services. ***(Please Note: Part 1, item 6 of the form must have the SSN or ITIN to be able to claim any available tax treaty exemption.)***

**PAYMENT FOR CONSULTING SERVICES MUST BE PROCESSED USING A PURCHASE ORDER.**

**PLEASE SEE POLICY D010 - DIRECT EXPENDITURE POLICY AND POLICY D015 - TRAVEL POLICY FOR ADDITIONAL INFORMATION.**

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