

PAYROLL TAX RESIDENCY INFORMATION FORM

To be filled out by employees who indicate on their I-9 "other alien authorized to work until xx/xx/xx".

Notice: The following information is requested to determine and document your resident or nonresident status for tax purposes, tax withholdings, and any tax treaty benefits you may be eligible to receive. This is NOT an Internal Revenue Service (IRS) nor is it a United States Citizenship and Immigration Services (USCIS) form. You are not legally required to fill out this questionnaire, but if you do not do so, the institution will be unable to determine your eligibility for tax treaty benefits and will withhold federal and state taxes. This information will be used by the institution's finance/HR personnel to determine your tax liability and may be available to other government officials as authorized by law.

A: PERSONAL INFORMATION <i>To be completed by employee</i>			
Name Lee	Mei	Social Security # or ITIN 477-85-5551	Current Immigration Status J-1 Scholar
<i>Last</i>	<i>First or Personal</i>	<i>Middle</i>	
Country of Citizenship China		Date of Original Port of Entry under Current Immigration Status December 15th, 2006	
Change of Immigration Status If individual has had a change of status since entering the U.S., enter the date that status changed and the original status below (Individual must also complete Section B: Prior Visits). Contact Tax Services to determine Tax Residency.		Institution MSU, Mankato	Department(s) China Studies
Change of Status Date _____ Previous Status _____		Title of position(s) held: Teacher	

B: PRIOR VISITS – List all prior visits to the United States, include the year of the visit, the immigration status under which the individual entered the U.S., the number of days spent in the U.S. during the visit and the reason for the visit.

Year	Immigration Status	Total Number of Days in the US during Year under Immigration Status	Purpose of Visit
2001	F-1	178	Graduate Student program
2000	F-1	153	Graduate Student program

C: CERTIFICATION

I hereby certify that all of the information on this form is true and correct. I understand that if my immigration status changes from that which I have indicated on this form, I must prepare and submit a new Tax Residency Information Form to the Human Resource office at my institution.

Date 12/16/2006 Signature Mei Lee

To be completed by the withholding agent with assistance from Tax Services

D: RESIDENCY STARTING DATE

Residency Start Year 2009 if immigration status does not change, begin taxing employee as a Resident Alien on Jan. 1, 2009

Date in the future when individual will have met the Substantial Presence Test and becomes a Resident Alien for Tax Purposes. This date must be recalculated if any of the information on this form changes. When the employee reaches the Residency Start date, they must be treated as resident aliens for tax purposes.

E: CAMPUS CONTACT INFORMATION

Date 12/18/2006 Signature Ann Page

Phone Number (651) 632-5007 Name (Print please) Ann Page, Tax Services

Look Back Years				Tax Yr	Number of days in United States during year	Immigration Status	Tax Residency	J1: 2 out of 6 Rule Exempt Indiv. Yrs
				2009	Must start counting days of presence	J1 non-student	Resident Alien	Not exempt
1				2008	If still here as J1 Exempt year	J1 non-student	Nonresident Alien	Exempt
2	1			2007	Only exempt one out of past 6 years	J1 non-student	Nonresident Alien	Exempt
3	2	1		2006	Dec 15, 2006 – here less than 30 days	J1 non-student	Nonresident Alien	Not exempt
4	3	2	1	2005	Not in the United States	N/A	N/A	
5	4	3	2	2004	Not in the United States	N/A	N/A	
6	5	4	3	2003	Not in the United States	N/A	N/A	
	6	5	4	2002	Not in the United States	N/A	N/A	
		6	5	2001	Graduate Student	F1 student	Nonresident Alien	Exempt
			6	2000	Graduate Student	F1 student	Nonresident Alien	Exempt

J-1 Non-student “2 of the current and past 6 calendar years” Rule

Individuals in J & Q non-student immigration status are considered “exempt individuals” for the purpose of counting days of presence towards tax residency if they have not held exempt individual status in any 2 of the current and past 6 calendar years. Think of this rule as a “time continuum”, moving on a yearly slide-rule. With each new year, a year in the past “falls off” the continuum, so it is not necessary to have consecutive periods of presence, rather any two of the current and past six years. With a J or Q non-student, it becomes even more important to obtain information about prior visits to the U.S. that may have affected the current calculation of the substantial presence test.

In our example, Mei Lee is a Chinese scholar visiting MSU, Mankato. She arrived in the United States under her current J-1 non-student immigration status on December 15th, 2006. When she completed her Payroll Tax Residency Information form (TRIF), Mei indicated that she had prior visits to the United States under an F-1 student immigration status in 2000 and 2001. As a J-1 scholar, Mei is subject to the “any 2 of the current and past 6 calendar years” look back rule. The above table shows Mei’s projected tax residency status based upon her prior visits as an exempt individual. Assuming no change in status, Mei must begin counting days of presence towards tax residency on 1/1/2009.

Immigration Documentation for International Hires

The following is a list of immigration documents needed to verify the Payroll Tax Residency Information Form (TRIF) that is filled out by all new hires that indicate in Section One of their I-9, Employment Eligibility Verification form that they are “an alien authorized to work until...”. In addition to completing the Payroll Tax Residency Information Form (TRIF), we ask that the employee provide their immigration documentation as outlined below. Please make send copies of the documents with the TRIF to Tax Services before the employee receives their first paycheck.

All New International Hires

Passport: Identification page and all pages relating to current and prior visits to the United States, including current visa page.

F-1

- Form I-20, Certificate of Eligibility for Nonimmigrant (F-1) Student
- Form I-94, Immigration Arrival/Departure Record showing individuals immigration status (ordinarily found in passport)

F-1 CPT (Curricular Practical Training)

- Form I-20, Certificate of Eligibility for Nonimmigrant (F-1) Student, with second page employment information completed
- Form I-94, Immigration Arrival/Departure Record showing individuals immigration status (ordinarily found in passport)

F-1 OPT (Optional Practical Training)

- Form I-20, Certificate of Eligibility for Nonimmigrant (F-1) Student, with second page employment information completed
- Form I-94, Immigration Arrival/Departure Record showing individuals immigration status (ordinarily found in passport)
- EAD – employment authorization card, usually a photo id card authorizing work for one year

J-1

- DS-2019, Certificate of Eligibility for Exchange Visitor(J-1) Status
- Employment Letters
- Form I-94, Immigration Arrival/Departure Record showing individuals immigration status

H1B

- I797A, Petition for a Nonimmigrant Worker
- Form I-94, Immigration Arrival/Departure Record showing individuals immigration status (May be attached to the I797A)

And all other employment authorization and immigration documents that are presented

Tax Residency Form for Regular State Employees

- ◆ The Payroll Tax Residency Information Form is to be filled out by all regular employees who indicate on their I-9 that they are “an alien authorized to work until...”
- ◆ The purpose of this form is to collect immigration information that will aid Tax Services in determining the individual’s residency status for U.S. taxation.
- ◆ All nonresident alien employees must complete section A: Personal Information at the top of page one, and sign and date section C: Certification (page 2). If the employee has been in the U.S. prior to this current visit, they must also complete section B: Prior Visits.
- ◆ General Notes
 - Under Date of Original Port of Entry under Current Immigration Status, the employee should enter the date that they first arrived in the U.S. under their current immigration status. If the employee is sponsored by your institution (ex: J-1 scholar or H-1B), generally this will be the date they arrived in the U.S. in order to work at your institution.
- ◆ When the employee has completed the form, ask the following questions:
 - *If the employee did not complete the Prior Visit section, ask:* Prior to coming to this institution, had you ever been in the U.S. before?
 - *If the employee has completed the Prior Visit section, review for missing information. Has the employee:* Given the number of days present by calendar year? Given the purpose and the immigration status held each visit?
 - *Let the employee know:* By signing this form you are agreeing to notify Payroll, should your immigration status change.
- ◆ In addition to completing the Payroll Tax Residency Information form, please gather the employee’s immigration documents that show current immigration status and make copies to send with the Payroll Tax Residency Information Form to Tax Services. For a list of acceptable immigration documents, please see the word document “Immigration Documents International Hires” available on the Tax Services website.
- ◆ After verifying that the employee has completed the Payroll Tax Residency Information form satisfactorily, the campus must make a copy and send the original form and copies of immigration documentation to Tax Services for the Residency Starting Year to be calculated. Send the form by FAX to (651) 649-5762 or by mail to: MNSCU Tax Services, 30 7th Street East, Suite 350, St. Paul, MN 55101.
- ◆ Tax Services will return the completed Payroll Tax Residency Information form to the institution and indicate whether to tax the employee as a nonresident or a resident. The institution, in addition to applying the correct tax treatment via SEMA4, must track the Tax Residency Years of their employees who are nonresident aliens for tax purposes so that when they become resident aliens for tax purposes, they are correctly taxed. *Note:* When an employee reaches their tax residency start year, they will become a resident alien for tax purposes. Resident aliens for tax purposes are subject to the same withholding tax rules as U.S. citizens.
- ◆ Keep the original Payroll Tax Residency form and documentation in a file separate from the employee’s I-9 form.
- ◆ If you have questions about this form or about Tax Residency rules in general, contact Tax Services: Steve Gednalske, Steve.Gednalske@so.mnscu.edu, (651)632-5016 or Ann Page: Ann.Page@so.mnscu.edu (651)632-5007.

Nonresident Alien Employees & W-4 (for wages paid on or after January 1, 2006)

IRS Form W-4: <http://www.irs.gov/pub/irs-pdf/fw4.pdf>

The W-4 is used to claim withholding allowances. Nonresident aliens for tax purposes are required to fill the W-4 out in a specific manner.

How to Complete Form W-4

All nonresident alien employees must fill out IRS form W-4 at the time of hire. If the nonresident alien is eligible for treaty benefits, the W-4 will become effective at the time the treaty limits are reached. No tax will be withheld during the time the employee is covered by a treaty.

In the first year, the employee must attach a statement to the W-4 saying that a timely U.S. tax return will be filed. In the subsequent year, the employee must attach a statement indicating that the individual has filed a U.S. income tax return for the previous year.

Nonresident aliens who receive employee compensation not covered by treaty benefits are subject to graduated rates of withholding and required to complete Form W-4 as follows, *regardless of their actual marital status*.

1. Check only **“Single”** marital status on line 3 regardless of actual marital status.
2. Claim only **one** withholding allowance on line 5 (see exceptions below).
3. Write **“Nonresident Alien”** or **“NRA”** above the dotted line after the words “Additional amount, if any, you want withheld from each paycheck” and before the box on line 6.
4. Do not claim “Exempt” withholding status on line 7

Note: On or after January 1, 2006, nonresident alien employees will no longer be required to request an additional withholding amount on line 6.

Exceptions to Statutory Withholding

Canada, Mexico, Northern Mariana Islands, or American Samoa

Nonresident aliens who are residents of Canada, Mexico, the Northern Mariana Islands, or American Samoa are entitled to claim additional withholding allowances for spouse and dependents the same as a U.S. citizen.

South Korea

Nonresident aliens who are residents of South Korea may claim additional withholding allowances for spouse and dependents present with them in the United States.

Students from India

Nonresident aliens who are residents of India and present in the U.S. as students or business apprentices may claim an additional withholding allowance for a spouse present in the U.S. and personal withholding allowances for any dependents present in the U.S. who are also resident aliens of the U.S.

All nonresident alien employees should complete form W-4, with the assistance of the institution.

Note: If the Form W-4 is not properly filled out, the withholding must default to S-0 (single marital status with zero allowances).

State Withholding Requirements

A separate W-4 will be required for state purposes. Minnesota doesn't permit any allowances and doesn't require additional withholding. Mark the W-4 **“For State Use Only”** and enter Marital Status as **“Single”** and Number of Allowances as **0**. The state does not require additional withholding so no entry is required on line 6. There is no state reciprocity with North Dakota, Wisconsin or Michigan for nonresident aliens as they are not residents of any state.

Nonresident Alien Federal W-4 Statutory Withholding Rules

(See example below)

When completing Form W-4 to provide information with respect to withholding on wages to paid on or after January 1, 2006, nonresident alien employees are required to:

- 1) Not claim exemption from withholding;
- 2) Request withholding as if they are single, regardless of their actual marital status;
- 3) Claim only one allowance (see exceptions below) and
- 4) Write "Nonresident Alien" or "NRA" above the dotted line after the words "Additional amount, if any, you want withheld from each paycheck" and before the box on line 6 of Form W-4.

As of January 1, 2006 nonresident alien employees will no longer be required to request an additional withholding amount of \$15.30 per bi-weekly pay. However, like all other employees, nonresident aliens may request additional withholding at their option.

Withholding Allowance Exceptions:

Canada, Mexico, Northern Mariana Islands, or American Samoa

Nonresident aliens who are residents of Canada, Mexico, Northern Mariana Islands, or American Samoa are entitled to claim additional withholding allowances for a nonworking spouse and for dependents, the same as a U.S. citizen.

South Korea

Nonresident aliens who are residents of South Korea may claim additional withholding allowances for a nonworking spouse present with them in the United States and for dependents present with them in the United States.

Students from India

Nonresident aliens who are residents of India and present in the U.S. as students or business apprentices may claim an additional withholding allowance for a nonworking spouse present in the U.S. and personal withholding allowances for any dependents present in the U.S. who are also resident aliens of the U.S.

Form W-4 Department of the Treasury Internal Revenue Service	Employee's Withholding Allowance Certificate ▶ Whether you are entitled to claim a certain number of allowances or exemption from withholding is subject to review by the IRS. Your employer may be required to send a copy of this form to the IRS.	OMB No. 1545-0074 <div style="font-size: 2em; font-weight: bold;">2006</div>
1 Type or print your first name and middle initial. Last name Jane Lee		2 Your social security number 123 45 6789
Home address (number and street or rural route) 1234 Any Street		3 <input checked="" type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Married, but withhold at higher Single rate. Note. If married, but legally separated, or spouse is a nonresident alien, check the "Single" box.
City or town, state, and ZIP code Anywhere, USA 11111		4 If your last name differs from that shown on your social security card, check here. You must call 1-800-772-1213 for a new card. <input type="checkbox"/>
5 Total number of allowances you are claiming (from line H above or from the applicable worksheet on page 2) 6 Additional amount, if any, you want withheld from each paycheck Nonresident Alien		5 1 6 \$
7 I claim exemption from withholding for 2006, and I certify that I meet both of the following conditions for exemption. • Last year I had a right to a refund of all federal income tax withheld because I had no tax liability and • This year I expect a refund of all federal income tax withheld because I expect to have no tax liability. If you meet both conditions, write "Exempt" here ▶ 7		
Under penalties of perjury, I declare that I have examined this certificate and to the best of my knowledge and belief, it is true, correct, and complete. Employee's signature (Form is not valid unless you sign it.) ▶ Jane Lee		
Date ▶ 6/1/2006		
8 Employer's name and address (Employer: Complete lines 8 and 10 only if sending to the IRS.)		9 Office code (optional) 10 Employer identification number (EIN)

For Privacy Act and Paperwork Reduction Act Notice, see page 2.

Cat. No. 10220Q

Form **W-4** (2006)

Exemption From Withholding on Compensation for Independent (and Certain Dependent) Personal Services of a Nonresident Alien Individual

OMB No. 1545-0795

▶ See separate instructions.

Who Should Use This Form?	IF you are a nonresident alien individual who is receiving . . .	THEN , if you are the beneficial owner of that income, use this form to claim . . .
Note: For definitions of terms used in this section and detailed instructions on required withholding forms for each type of income, see Definitions on pages 1 through 3 of the instructions.	Compensation for independent personal services performed in the United States	A tax treaty withholding exemption for part or all of that compensation and/or to claim the daily personal exemption amount.
	Compensation for dependent personal services performed in the United States	A tax treaty withholding exemption for part or all of that compensation. Note: Do not use Form 8233 to claim the daily personal exemption amount.
	Noncompensatory scholarship or fellowship income and personal services income from the same withholding agent	A tax treaty withholding exemption for part or all of both types of income.
	DO NOT Use This Form. . .	IF you are a beneficial owner who is . . .
	Receiving compensation for dependent personal services performed in the United States and you are not claiming a tax treaty withholding exemption for that compensation	Form W-4
	Receiving noncompensatory scholarship or fellowship income and you are not receiving any personal services income from the same withholding agent	Form W-8BEN or, if elected by the withholding agent, Form W-4 for the noncompensatory scholarship or fellowship income
	Claiming only foreign status or treaty benefits with respect to income that is not compensation for personal services	Form W-8BEN

This exemption is applicable for compensation for calendar year 2007, or other tax year beginning and ending

Part I Identification of Beneficial Owner (See instructions.)

1 Name of individual who is the beneficial owner Mei Lee	2 U.S. taxpayer identifying number 477-85-5551	3 Foreign tax identifying number, if any (optional)
4 Permanent residence address (street, apt. or suite no., or rural route). Do not use a P.O. box. 124 Any Foreign Street		
City or town, state or province. Include postal code where appropriate. Beijing, XXX123		Country (do not abbreviate) China
5 Address in the United States (street, apt. or suite no., or rural route). Do not use a P.O. box. 5678 Any Street		
City or town, state, and ZIP code Mankato, MN 56001		
Note: Citizens of Canada or Mexico are not required to complete lines 7a and 7b.		
6 U.S. visa type J-1	7a Country issuing passport China	7b Passport number G06415740
8 Date of entry into the United States 12/15/2006	9a Current nonimmigrant status J-1 Scholar	9b Date your current nonimmigrant status expires D/S - Duration of Status
10 If you are a foreign student, trainee, professor/teacher, or researcher, check this box <input checked="" type="checkbox"/> Caution: See the line 10 instructions for the required additional statement you must attach.		

Part II Claim for Tax Treaty Withholding Exemption and/or Personal Exemption Amount

- 11 Compensation for independent (and certain dependent) personal services:
 - a Description of personal services you are providing Teaching
 - b Total compensation you expect to be paid for these services in this calendar or tax year \$ 35,000
- 12 If compensation is exempt from withholding based on a tax treaty benefit, provide:
 - a Tax treaty **and treaty article** on which you are basing exemption from withholding US-PR China Article 19
 - b Total compensation listed on line 11b above that is exempt from tax under this treaty \$ 35,000
 - c Country of permanent residence China

Note: Do not complete lines 13a through 13c unless you also received compensation for personal services from the same withholding agent.

- 13 Noncompensatory scholarship or fellowship income:
 - a Amount \$
 - b Tax treaty **and treaty article** on which you are basing exemption from withholding
 - c Total income listed on line 13a above that is exempt from tax under this treaty \$

14 Sufficient facts to justify the exemption from withholding claimed on line 12 and/or line 13 (see instructions)

Note: Lines 15 through 18 are to be completed only for certain independent personal services (see instructions).

- 15 Number of personal exemptions claimed ▶
- 16 How many days will you perform services in the United States during this tax year? ▶
- 17 Daily personal exemption amount claimed (see instructions) ▶
- 18 Total personal exemption amount claimed. Multiply line 16 by line 17 ▶

Part III Certification

Under penalties of perjury, I declare that I have examined the information on this form and to the best of my knowledge and belief it is true, correct, and complete. I further certify under penalties of perjury that:

- I am the beneficial owner (or am authorized to sign for the beneficial owner) of all the income to which this form relates.
- The beneficial owner is not a U.S. person.
- The beneficial owner is a resident of the treaty country listed on line 12a and/or 13b above within the meaning of the income tax treaty between the United States and that country.
- The beneficial owner is not a former citizen or long-term resident of the United States subject to section 877 (relating to certain acts of expatriation) or, if subject to section 877, the beneficial owner is nevertheless entitled to treaty benefits with respect to the amounts received.

Furthermore, I authorize this form to be provided to any withholding agent that has control, receipt, or custody of the income of which I am the beneficial owner or any withholding agent that can disburse or make payments of the income of which I am the beneficial owner.

Sign Here ▶ Mei Lee 12/16/2006
 Signature of beneficial owner (or individual authorized to sign for beneficial owner) Date

Part IV Withholding Agent Acceptance and Certification

Name Minnesota State Colleges & Universities, MSU Mankato	Employer identification number 41-6007162
Address (number and street) (Include apt. or suite no. or P.O. box, if applicable.) 30 7th Street East, Suite 350	
City, state, and ZIP code St. Paul, MN 55101	Telephone number 651-632-5007

Under penalties of perjury, I certify that I have examined this form and any accompanying statements, that I am satisfied that an exemption from withholding is warranted, and that I do not know or have reason to know that the nonresident alien individual is not entitled to the exemption or that the nonresident alien's eligibility for the exemption cannot be readily determined.

Signature of withholding agent ▶ Ann Page Date ▶ 12/18/2006



Example: Treaty Statement – 8233 Attachment for Teachers or Researchers

People's Republic of China

1. I was a resident of the People's Republic of China on the date of my arrival in the United States. I am not a U.S. citizen. I have not been lawfully accorded the privilege of residing permanently in the United States as an immigrant.
2. I have accepted an invitation by the U.S. government, or by a university or other recognized educational institution in the United States to come to the United States for the purpose of teaching or engaging in research at Minnesota State University, Mankato which is an accredited educational institution or scientific research institution. I will receive compensation for my teaching, lecturing, or research activities.
3. The teaching, lecturing, or research compensation received during the entire tax qualifies for exemption from withholding of federal income tax under the tax treaty between the United States and the People's Republic of China. I have not previously claimed an income tax exemption under this treaty for income received as a teacher, lecturer, researcher, or student before the date of my arrival in the United States.
4. Any research I perform will be undertaken in the public interest and not primarily for the private benefit of a specific person or persons.
5. I arrived in the United States on 12/15/2006. The treaty exemption is available only for compensation received during a maximum aggregate period of three years.

Tax year treaty being claimed for 2007;

Under penalties of perjury, I declare that I have prepared this form and to the best of my knowledge and belief, it is true, correct, and complete.

Signature of nonresident alien individual Mei Lee Date 12/16/2006

Student/Scholar Tax Treaty Articles – Tax Year 2006

Country	Code	Purpose	Max Presence	Max amount of compensation	Citation
<i>Australia</i>					
<i>Austria</i>					
<i>Barbados</i>					
Belgium	15	Scholarships	5 Years	No limit	21(1)
	18	Teaching/Researching	2 Years	No limit	20
	19	Compensation during training	5 Years	2,000	21(1)
Canada	17	Dependent personal service	No Limit	10,000 ⁱ	XV
China, People's Rep. Of	15	Scholarships	No Limit	No limit	20(b)
	18	Teaching/Researching	3 Years	No limit	19
	19	Compensation during training	No Limit ⁱⁱ	5,000	20(c)
Commonwealth of Independent States	15	Scholarships	5 Years	9,999 ⁱⁱⁱ	VI (1)
	18	Teaching/Researching	2 Years	No limit	VI (1)
** US - USSR income tax treaty applies to: Armenia, Azerbaijan, Belarus, Georgia, Kyrgyzstan, Moldova, Tajikstan, Turkmenistan & Uzbekistan					
Cyprus	15	Scholarships	5 Years	No limit	21(1)
	19	Compensation during training	5 Years ^{iv}	2,000	21(1)
Czech Republic	15	Scholarships	5 Years	No limit	21(1)
	18	Teaching/Researching	2 Years	No limit	21(5)
	19	Compensation during training	5 Years	5,000	21(1)
<i>Denmark</i>					
Egypt	15	Scholarships	5 Years	No limit	23(1)
	18	Teaching/Researching	2 Years	No limit	22
	19	Compensation during training	5 Years ^v	3,000	23(1)
Estonia	15	Scholarships	5 Years	No limit	20(1)
	19	Compensation during training	5 Years	5,000	20(1)
<i>Finland</i>					
France	15	Scholarships	5 Years	No limit	21(1)
	18	Teaching/Researching	2 Years	No limit	20
	19	Compensation during training	5 Years	5,000	21(1)
Germany	15	Scholarships	No Limit	No limit	20(3)
	18	Teaching/Researching(retro)	2 Years	No limit	20(1)
	19	Compensation during training(retro)	4 Years ^{vi}	5,000 ^{vii}	20(4)
Greece	18	Teaching ONLY	3 Years	No limit	XII
Hungary	18	Teaching/Researching	2 Years	No limit	17
Iceland	15	Scholarships	5 Years	No limit	22(1)
	18	Teaching/Researching	2 Years	No limit	21
	19	Compensation during training	5 Years	2,000	22(1)
India	18	Teaching/Researching (retro)	2 Years	No limit	22
Indonesia	15	Scholarships	5 Years	No limit	19(1)
	18	Teaching/Researching	2 Years	No limit	20
	19	Compensation during training	5 Years	2,000	19(1)
<i>Ireland</i>					
Israel	15	Scholarships	5 Years	No limit	24(1)
	18	Teaching/Researching	2 Years	No limit	23
	19	Compensation during training	5 Years	3,000	24(1)
Italy	18	Teaching/Researching	2 Years	No limit	20
Jamaica	18	Teaching/Researching	2 Years	No limit	22
Japan	18	Teaching/Researching	2 Years	No limit	20
Kazakstan	15	Scholarships	5 Years	No limit	19
Korea, Rep of	15	Scholarships	5 Years	No limit	21(1)
	18	Teaching/Researching	2 Years	No limit	20
	19	Compensation during training	5 Years	2,000	21(1)

Latvia	15	Scholarships	5 Years	No limit	20(1)
	19	Compensation during training	5 Years	5,000	20(1)
Lithuania	15	Scholarships	5 Years	No limit	20(1)
	19	Compensation during training	5 Years	5,000	20(1)
Luxembourg	18	Teaching/Researching (retro)	2 Years	No limit	21(2)
<i>Mexico</i>					
Morocco	15	Scholarships	5 Years	No limit	18
	19	Compensation during training	5 Years	2,000	18
Netherlands	15	Scholarships	3 Years	No limit	22(2)
	18	Teaching/Researching (retro)	2 Years	No limit	21(1)
	19	Comp while recipient of scholarship	3 Years	2,000	22(2)
<i>New Zealand</i>					
Norway	15	Scholarships	5 Years	No limit	16(1)
	18	Teaching/Researching	2 Years	No limit	15
	19	Compensation during training	5 Years	2,000	16(1)
Pakistan	15	Scholarships	No Limit	No limit	XIII(1)
	18	Teaching/Researching	2 Years	No limit	XII
	19	Compensation during training	No Limit	5,000	XIII(1)
Phillippines	15	Scholarships	5 Years	No limit	22(1)
	18	Teaching/Researching (retro)	2 Years	No limit	21
	19	Compensation during training	5 Years	3,000	22(1)
Poland	15	Scholarships	5 Years	No limit	18(1)
	18	Teaching/Researching	2 Years	No limit	17
	19	Compensation during training	5 Years	2,000	18(1)
Portugal	15	Scholarships	5 Years	No limit	23(1)
	18	Teaching/Researching	2 Years	No limit	22
	19	Compensation during training	5 Years	5,000	23(1)
Romania	15	Scholarships	5 Years	No limit	20(1)
	18	Teaching/Researching	2 Years	No limit	19
	19	Compensation during training	5 Years	2,000	20(1)
Russia	15	Scholarships	5 Years	No limit	18
Slovak Republic	15	Scholarships	5 Years	No limit	21(1)
	18	Teaching/Researching	2 Years	No limit	21(5)
	19	Compensation during training	5 Years	5,000	21(1)
Slovenia	15	Scholarships	5 Years	No limit	20(1)
	18	Teaching/Researching or Research	2 Years	No limit	20(3)
	19	Compensation during training	5 Years	5,000	20(1)
<i>So Africa</i>					
Spain	15	Scholarships	5 Years	No limit	22(1)
	19	Compensation during training	5 Years	5,000	22(1)
<i>Sweden</i>					
<i>Switzerland</i>					
Thailand	15	Scholarships	5 Years	No limit	22(1)
	18	Teaching/Researching or Research	2 Years	No limit	23
	19	Compensation during training	5 Years	3,000	22(1)
Trinidad & Tobago	15	Scholarships	5 Years	No limit	19(1)
	18	Teaching/Researching	2 Years	No limit	18
	19	Compensation during training	5 Years ^{viii}	2,000 ^{ix}	19(1)
Tunisia	15	Scholarships	5 Years	No limit	20
	19	Compensation during training	5 Years	4,000	20
<i>Turkey</i>					
Ukraine	15	Scholarships	5 Years	No limit	20
United Kingdom	18	Teaching/Researching (retro)	2 Years	No limit	20
Venezuela	15	Scholarships	5 Years	No limit	21(1)
	18	Teaching/Researching	2 Years	No limit	21(3)
	19	Compensation during training	5 Years ^x	5,000	21(2)

Retro - this country's treaty has a "retroactive clause" when a treaty contains this clause and the individual remains in the U.S. for a period longer than that allowed by the treaty, the entire tax exemption will be lost retroactively to the beginning of the individual's visit to the U.S.

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- ⁱ If the student's earnings from all U.S. sources exceeds \$10,000 in a calendar year it becomes retroactively taxable unless the student was present in this country for no more than 183 days.
 - ⁱⁱ Exemption only for time reasonably necessary to complete education or training.
 - ⁱⁱⁱ Also exempt are amounts of up to \$10,000 received from U.S. sources to provide ordinary living expenses. For students, the amount will be less than \$10,000, determined on a case by case basis.
 - ^{iv} An additional period of time necessary to complete postgraduate or professional degree is allowed.
 - ^v The exemption is extended for any additional period of time needed to complete postgraduate or professional degree
 - ^{vi} If presence exceeds four (4) years, exemption will be lost for entire visit unless agreed to otherwise by competent authorities of both countries.
 - ^{vii} Income entitled to exemption must be from dependent personal services for the purpose of supplementing funds available otherwise for maintenance, education, or training.
 - ^{viii} The benefit maximum for either exemption is five (5) tax years.
 - ^{ix} \$5,000 limit if the individual is obtaining training required to qualify to practice a profession or a professional speciality.
 - ^x The exemption will also apply to any additional period of time needed to complete requirements for postgraduate or professional degree.

DATE: July 13, 2006
TO: Agency Payroll and Human Resources Staff
FROM: Mary Muellner, Acting Director
Statewide Payroll Services
SUBJECT: Nonresident Alien Employee Withholding Tax Changes for 2006
(A follow-up to the bulletin dated 2/6/2006:
http://www.finance.state.mn.us/agencyapps/sema4/bulletins/060206_s4bul.html)

The IRS has provided new rules for determining the amount of tax employers must withhold from wages paid for services performed by nonresident alien employees within the United States. (Internal Revenue Bulletin 2005-46, Notice 2005-76). To implement the new rules, SEMA4 was updated to allow additional employee tax data to be collected.

Previous IRS rules required a biweekly additional withholding amount for nonresident alien employees. The new rules require an additional amount (currently \$102.00) be added to employees' taxable gross earnings for purposes of calculating income tax withholding, except for students and business apprentices from India. The additional amount does not increment federal/state taxable gross earnings or FICA and Medicare gross earnings and is not reported on W-2 forms. This memo provides explanations of resident alien and nonresident alien status and the steps for completing Form W-4 and the Federal and State Tax Data pages in SEMA4 for nonresident alien employees.

Resident and Nonresident Aliens

If an agency hires an individual who is not a U.S. citizen, the individual is considered to be a nonresident alien for the calendar year unless he or she meets one of two tests:

1. The individual has lawful permanent resident status in the United States (Green Card; Resident Alien Card)

Or

2. The individual meets the substantial presence test, as follows:

Foreign nationals must be treated as residents if they satisfy the substantial presence test, even if they have entered the United States under a non-immigrant visa. Under this test the foreign national is a resident if he or she is present in the United States at least 31 days in the current year and 183 days during the current year and the two preceding years as determined under a weighted formula. Count $\frac{1}{3}$ the number of days of presence in the first preceding year and $\frac{1}{6}$ the number of days in the second preceding year. Generally (not always), the days the nonresident alien is in the United States as a teacher, student or trainee on an "F", "J", "M", or "Q" visa are not counted.

If an income tax treaty exists between the United States and the individual's country, the tax treaty may allow the employee a partial or full exemption from withholding taxes.

For assistance in determining the number of days for the substantial presence test or assistance in determining tax treaty exemptions:

MNSCU agencies should contact:

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- Ann Page at 651/632-5007 or ann.page@so.mnscu.edu
 - Steve Gednalske at 651/632-5016 or steve.gednalske@so.mnscu.edu in Tax Services

Other agencies should contact Tom Brackey in Statewide Payroll Services at 651/297-3369 or tom.brackey@state.mn.us.

Instructions for completing a new Form W-4

For nonresident alien employees not covered by a tax treaty

Internal Revenue Bulletin 2005-46, Notice 2005-76, requires current and new nonresident alien employees to complete Form W-4 using the instructions below. Please request a new Form W-4 from each current and new nonresident alien employee, completed according to these instructions. **The Employee Self Service W-4 pages cannot be used to enter W-4 information for nonresident aliens.** These employees must complete paper Form W-4s and the payroll or human resources office must enter the transactions in SEMA4.

When completing Form W-4, nonresident alien employees:

- May not claim exemption from withholding.
- Must request Single marital status, regardless of actual marital status.
- May claim no more than one allowance. Residents of Canada, Mexico, South Korea, Northern Mariana Islands or American Samoa may claim the allowances they are entitled to claim.
- Must write "NRA" above the dotted line on line 6 of Form W-4.
- Are not required to request additional withholding.

For nonresident alien employees covered by a tax treaty

MNSCU agencies should contact:


- Ann Page at 651/632-5007 or ann.page@so.mnscu.edu
- Steve Gednalske at 651/632-5016 or steve.gednalske@so.mnscu.edu in Tax Services

Other agencies should contact Tom Brackey in Statewide Payroll Services at 651/297-3369 or tom.brackey@state.mn.us.

Steps for Completing the Federal and State Tax Data pages in SEMA4

If an individual is a **resident alien** for tax purposes, complete the federal and state tax data pages as you would for a U.S. citizen.

If an individual is a **nonresident alien** for tax purposes, complete the federal tax data page as follows:

1. Access the Federal Tax Data page (Compensate Employees > Maintain Payroll Data > Use > Employee Tax Data). Enter the employee's ID in the search box.
2. Click  to add a row.
3. In the **Effective Date** field, enter the date the tax data is effective.
4. In the **Special Tax Withholding Status** box, select Non-Resident Alien. The box, Tax Treaty/NR Data, opens at the bottom of the page.
5. In the **Source Document** field, select a value corresponding to the document(s) submitted by the employee.
6. In the **Tax Marital Status** field, select Single. Married status is not allowed.

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7. In the **Withholding Allowances** field, enter the employee's allowances. The employee may claim no more than one allowance. Residents of Canada, Mexico, South Korea, Northern Mariana Islands or American Samoa may claim the allowances they are entitled to claim.
 8. Leave the **FWT Additional Amount** fields blank.
 9. In the Tax Treaty/NR Data box:
 - In the **Date of Entry** field, enter the date the employee entered the United States.
 - In the **Country** field, select the country the employee is from, based on passport documentation.
 - In the **Taxpayer ID Number** field, enter the employee's Social Security number.
 - Leave all other fields blank or accept the default unless instructed by MnSCU or Statewide Payroll Services to complete them.
 10. Fill out the State Tax Data page the same as the Federal Tax Data page, except for the fields listed in #9, which do not display on the State Tax Data page.

More Information

SEMA4 Help and training documentation is being updated with this information. Please rely on the information in this memo until updates are completed.

For assistance with completing W-4 forms or tax data pages in SEMA4:

MNSCU agencies should contact:

- Ann Page at 651/632-5007 or ann.page@so.mnscu.edu
- Steve Gednalske at 651/632-5016 or steve.gednalske@so.mnscu.edu in Tax Services

Other agencies should contact Tom Brackey in Statewide Payroll Services at 651/297-3369 or tom.brackey@state.mn.us.

PLEASE SHARE THIS INFORMATION WITH APPROPRIATE AGENCY STAFF.