

NOTES

Regarding trade vendors, if the status of the vendor changes from nonresident alien to resident alien, the agency must advise the OSC to change the withholding status so that the NR 1099 code will not default to the invoice. The NCAS Backup Withholding form must be completed and received by the OSC Help Desk so withholding can be stopped. On non-trade vendors, the agency must change the withholding status themselves. The NR default code can be changed on the invoice line, if appropriate, to change or eliminate the withholding process, regardless of whether the vendor default has been adjusted.

Withheld amounts cannot be adjusted after the payments have been disbursed. It is important to verify all withholdings to ensure their accuracy prior to payments being sent.

Contact the OSC NCAS Help Desk at (919) 875-4357 if you have any questions regarding the addition of trade, non-trade, and NRA vendors.

Summary

Forms

Non-resident Aliens (Foreign Nationals) are not eligible to receive 1099's. However, they do receive a 1042 or 1042S form which is similar to the 1099 form.

Payments to Nonresident Aliens

No payments should be made to NRAs without receiving all of the documentation (visa, passport, green card, refugee card, resident alien documents, etc.) from the individual regarding their residency/tax status. These documents will determine any applicable withholding for payments for that person. If no documentation is received, then the maximum amount (30%) should be withheld from the payment. (The individual can file for taxes in the US to get this or any portion of this withheld amount back, if applicable, as per their current documented residency/tax status.) All completed/signed documentation should be housed at the agency in a secure file for audit purposes.

General

If you have any doubts or questions regarding the individual's residence/tax status when working with any vendor for payments, do not hesitate to call the OSC Help Desk at (919) 875-4357 or email the Foreign Nationals Team at OSC at Foreign.National.Team@ncosc.net.

Failure to properly withhold the correct amounts for these payments or comply with the policies and procedures mandated by the IRS will result in steep fines by the IRS to your agency.

