Travel Reimbursements for Foreign Nationals

In most cases, a foreign national is subject to U.S. tax on its U.S. source income. Most types of U.S. source income received by a foreign person are subject to U.S. tax of 30%. A reduced rate, including exemption, may apply if there is a tax treaty between the foreign person's country of residence and the United States. Contact the tax office to determine if a vendor qualifies for a tax treaty exemption.

The IRS accountable plan rules are only applicable in connection with compensatory payments, regardless whether the payment is for dependent personal services (e.g. employee compensation) or independent personal services (e.g. contractor payments, honoraria). Therefore, if the travel reimbursement is for a non-service (non-compensatory) scholarship, fellowship, or grant, the travel reimbursement is not excludable under the accountable plan rules and must be taxed accordingly. Same rule applies for non-service travel reimbursements for independent contractors.

Travel Reimbursements (Independent Contractors):

- Tax withholding of 30% should be applied on travel reimbursements for foreign national vendors where there is no compensation for services, unless the vendor is at UH to speak and is characterized as an independent contractor by UH.

- Travel reimbursements for non-compensatory foreign national speakers require a “Speaker Agreement Form” (OGC-S-2002303). This form should be uploaded to the Concur Expense Report (or A/P for UHCL, UHD, UHV) when processing the travel reimbursement. The reimbursement will not be subject to tax withholding. However, the Concur Expense Report (or voucher for UHCL, UHD, UHV) should be routed through the Tax Department for review and approval.

- The Tax Department determines whether or not a foreign national vendor was compensated based on information in the Concur Travel Management system. The department must flag on the report header that the vendor is a foreign national, was compensated and also provide a copy of the compensation voucher as supporting documentation. Concur Expense Report should be routed through the Tax Department for review and approval.

- For all other non-compensatory travel reimbursements for a foreign national, upload the “Foreign National Information Addendum”, found in the tax website http://www.uh.edu/finance/pages/tax_info.htm. This addendum should be uploaded to the travel reimbursement in the Concur Travel Management System. Note, any travel reimbursement for visa status other than a B-1/B-2 will require approval from Office of General Counsel.

- Contact the Tax Department prior to processing the travel reimbursement to determine if the foreign national is eligible for a tax treaty exemption. Otherwise, Apply the 30% tax withholding using the 'Tax Liability Expense Type" (account code 20611), insert the tax liability cost center 2080-H0258-F0855-BPXXXX-NA and enter the tax withholding amount as a debit (see example on page 2). The Concur Expense Report should be routed through the Tax Department for review and approval.

Note: campuses not using the Concur Travel Management System can process payment in A/P.
Prospective Student Travel:
Reimbursements for travel expenses related to a “job interview” for a prospective employee are not considered income and not subject to tax withholding. However, student recruiting travel reimbursements are subject to 30% tax withhold for foreign national.

- Contact the Tax Department prior to processing the travel reimbursement to determine if the foreign national is eligible for a tax treaty exemption. Otherwise, travel reimbursement will be subject to 30% tax withholding.

- In the Concur Travel Management System, the department must flag on the report header of the Expense Report that the vendor is a foreign national. The travel type should be “Prospective Student Travel” and the traveler type should be “Prospective Student”

- The department should upload the “Foreign National Information Addendum”, found in the tax website http://www.uh.edu/finance/pages/tax_info.htm. The form should be completed by the foreign national. This addendum should be uploaded to the travel reimbursement in the Concur Travel Management System.

- If no tax treaty exemption is available, then apply 30% tax withholding to the travel reimbursement using the “Tax Liability Expense Type” (account code 20611). Insert the tax liability cost center 2080-H0258-F0855-BPXXXX-NA, and enter the tax withholding amount as a debit (see example below). The Concur Expense Report should be routed through the Tax Department for review and approval.
**Student Travel (Travel Grants):**

When reimbursing foreign national students for travel and activities under an appropriate visa status on behalf of the university, the following applicable IRS tax guidelines apply:

- **Travel reimbursements for a foreign national student performing educational, non-service, and nonemployee activities** will be subject to **14%** tax withholding, unless a treaty applies; this is considered a travel grant/fellowship to assist the student's field of study/research/training.

- All foreign national students performing **non-educational**, **non-service**, and **non-employee** activities (solely benefits the University, not the student) associated with travel reimbursements will be subject to **30%** tax withholding, unless a treaty applies.

- **Contact the Tax Department prior to processing the travel reimbursement to determine if the foreign national is eligible for a tax treaty exemption.** Otherwise, travel reimbursement will be subject to either **14%** or **30%** tax withholding.

- In the Concur Travel Management System, the department must flag on the report header of the Expense Report that the vendor is a foreign national. The travel type should be **“Student Travel”** and the traveler type should be **“Student”**

- The department should upload the “Foreign National Information Addendum”, found in the tax website [http://www.uh.edu/finance/pages/tax_info.htm](http://www.uh.edu/finance/pages/tax_info.htm). The form should be completed by the foreign national. This addendum should be uploaded to the travel reimbursement in the Concur Travel Management System.

- On the Concur Expense Report Header “comment” box, the department should enter the purpose and benefit of the student travel. Upload any supporting documents that justify the purpose for the student travel.

- If no tax treaty exemption is available for the student, then apply either the **14%** or **30%** tax withholding to the travel reimbursement using the **“Tax Liability Expense Type”** (account code 20611). Insert the tax liability cost center **2080-H0258-F0855-BPXXXX-NA**, and enter the tax withholding amount as a debit (see example on page 4). The Concur Expense Report should be routed through the Tax Department for review and approval.
### Tax Department contact information:

**Keith Gernold**  
Tax Director  
kgernold@central.uh.edu  
713-743-8710

**Elizabeth Giron**  
Foreign National Tax Specialist II  
egiron@central.uh.edu  
713-743-8987

**Alma Villarreal**  
Tax Assistant II  
avillare@central.uh.edu  
713-743-8608

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Allocations:

- 100.00% ($334.82) 03730-H0258-LOCAL-2080-00655-NA-NON-GRANT-UH
- University Guest Travel (Not Paid—DO NOT USE)

*Tax withholding amount should be a debit (−) and the account code should reflect 20611.*