Payment/Contract of Foreign Entity Procedures

Proposal Stage:
The central proposal office at each MAU has the responsibility to notify all potential subaward or contract recipients (hereafter “contractor”) that foreign entities or foreign nationals providing services for the University of Alaska may be subject to up to 30% withholding on any payment attributable to US Sourced income. In most cases this would include all activity occurring in the United States as well as all copyright, royalty and software license payments. The following language can be used for notifying the entity of the possible tax obligation:

*I understand that I may be subject to tax withholding up to 30% on any payments or benefits received for payment of all activity performed in the United States as well as all copyright, royalty, and software license payments. If you have further questions on the possible tax liability, please contact the Nonresident Alien Tax Specialist (NRAT) for the appropriate University of Alaska campus.*

Award Stage:
Once the proposal is awarded, the responsible department will collect the W-9 form for all US individuals or entities. If the contractor is a foreign individual, they must complete a Taxable Status Determination Form (TSDF). If the contractor is a foreign entity, they must complete a Foreign Entity Determination Form (FEDF). The TSDF and FEDF completed forms must be sent to the Nonresident Alien Tax specialist (NRAT) for that MAU for review and approval. Once the forms are approved, the department will attach the approved form to the subaward or contract packet that is sent to grants and contracts office/ procurement office. The accounts payable department will request a new TSDF and FEDF form on an annual basis for the length of the contract or subaward.

Approval by Nonresident Alien Tax Specialist (NRAT):
The NRAT will review and approve all TSDF and FEDF. The approved forms should be sent back to the department indicating the tax withholding amounts that would be required. The form must be attached to the subaward or contract package that is forwarded to grants and contracts office/ procurement office. Accounts Payable will request a new form each year during the length of the contract or subaward.

Procurement Stage:
The W-9, TSDF or FEDF form should be submitted with the subaward or contract package. The TSDF or FEDF form should be completed and signed by the proposed contractor and approved by the NRAT for that MAU. If the appropriate form is not attached to the procurement package, do not process. Please request the appropriate form from the department. A copy of this form should be attached to the purchase order and forwarded to accounts payable.

Immigration Stage:
If a contractor is an individual and will be traveling to the United States to perform the contracted activity, the department should consult with the Immigration Specialist as well as the NRAT for their MAU in order to determine the applicable immigration laws and visa status for this individual. The visa status chosen may restrict the type of payments that an individual can legally receive.
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Invoice Stage:
The accounts payable department will receive a copy of the approved TSDF or FEDF form with each purchase order submitted. Accounts Payable will request a new form each year during the length of the contract or subaward. All forms should be reviewed and approved by the campus NRAT. All invoices processed must reflect the appropriate federal tax withholding amount that is indicated on the approved TSDF or FEDF form.