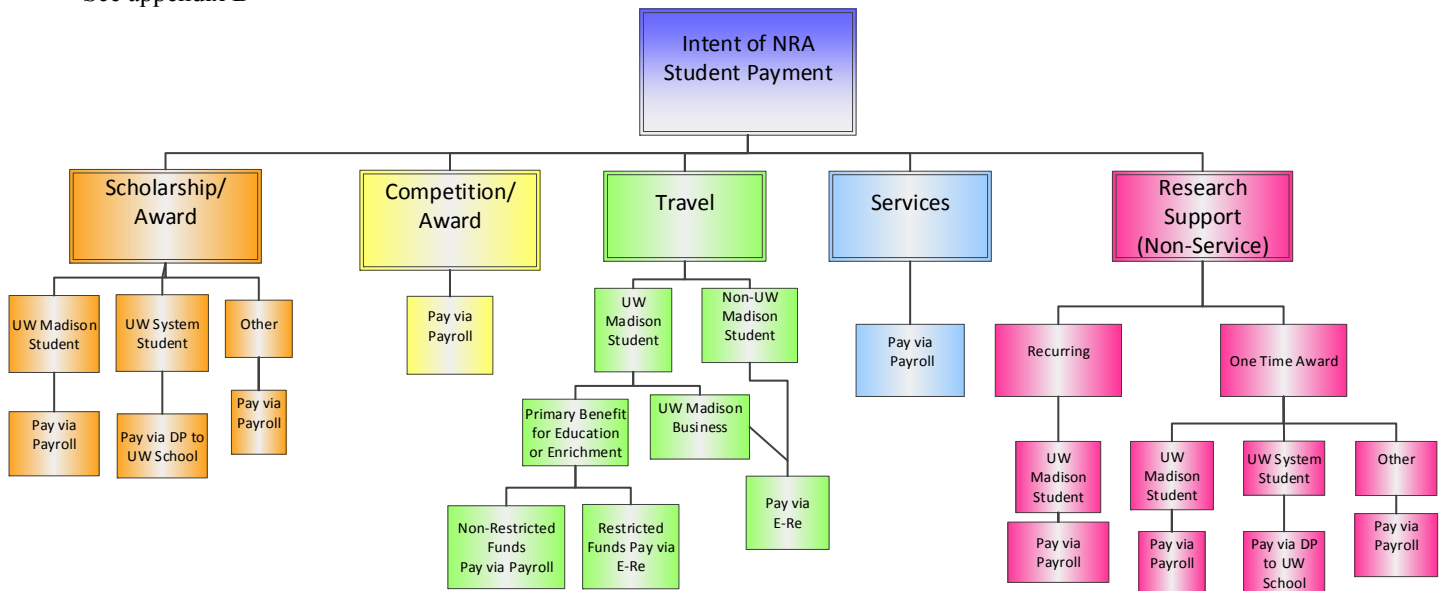


PAYMENTS TO STUDENTS

Nonresident Alien (NRA) Payments

See appendix B



Flowchart above does not show full details of appropriate payment methods. Please refer to the specific payment section in this guide for more details. Note: Stipend is a generic term used across campus to denote various types of payments. The purpose of the payment identifies the payment method.

For U.S. tax purposes, a nonresident alien is a non-U.S. Citizen who has not passed either the green card test or the substantial presence test. When paying non-service income to international students the payment method depends on the tax status of the student. Scholarships, awards, or fellowships paid to nonresident aliens (NRA) enrolled at UW-Madison must be processed through payroll as non-service income. NRAs are paid like U.S. Persons for all other types of payment: Travel on UW-Madison Business; Services; Research Support. If you have not already confirmed an international student’s tax status, contact Glacier@ohr.wisc.edu.

FINANCIAL AID

NRA students are not eligible for federal financial aid.

TAX IMPLICATIONS

NRA students are subject to 14% federal tax on non-service income (scholarship, awards). Non-service income paid to NRAs and taxes withheld must be reported on form 1042-S and should not be reported on the 1098T. Some NRAs may be eligible for a tax treaty, which exempts some or all of their scholarship income from tax. NRAs can contact Glacier@ohr.wisc.edu if they have questions about tax treaty.

Do not pay NRA students through SIS, as this could result in unpaid taxes, tax filing issues for the student and potential loss of visa status due to noncompliance with federal laws.