Payment to Resident Alien Individuals

I. Purpose
To provide guidance to University administrators and establish terms, limits and conditions for making payments to Resident Aliens, and to ensure compliance with Internal Revenue Service (IRS) regulations for tax withholding and reporting.

II. Policy
A. Taxpayer classification and reporting of resident aliens must be in accordance with Internal Revenue Service specifications. See Business Procedure E-7-4 Taxpayer Classification for guidelines for proper categorization of taxpayers by residency status.
B. Requests for payment must be in compliance with University of Kentucky purchasing policies and regulations.

III. Forms
A. Vendor Application and Internal Revenue Service (IRS) W-9, Request for Taxpayer Identification Number and Certification.
B. Immigration and Naturalization Service (INS) Green Card. This form should be in the possession of the resident alien, if applicable.

IV. Procedures
A. Determine the taxpayer status of the non-US citizen. Keep copies of the Green Card or other documentation showing calculations for the alien’s residency status in the department as backup.
B. Ascertain the type of payment to be made to the Resident Alien.
   1. Non-service related payments
      a. Payments to individuals, sole proprietors, and partnerships for non-service related expenditures include disbursements for rents, royalties, and awards.
      b. If the vendor is not established in the PRD vendor database, have the vendor complete and sign a Vendor Application or an IRS Form W-9. The form must be submitted to Purchasing prior to completing a PRD.
      c. Prepare a PRD including a complete description and reason for the payment. Attach all receipts, invoices, and other required documentation. DO NOT attach the IRS W-9, Vendor Application or any other document that contains the vendor’s Personal Tax Identification Number.
   2. Service-related payments
      a. Payments to individuals, sole proprietors, or partnerships for services include work performed by consultants, visiting speakers, honorariums and other service providers.
      b. Refer to Business Procedure E-7-3 for payment classification factors for independent contractors.
      c. Review the Purchasing/AP Quick Reference Guide to determine the appropriate method of payment for the service.
      d. If the payment should be made via PRD, review the PRD vendor database and have the vendor complete and sign a Vendor Application or an IRS Form W-9 or Vendor Application if the vendor needs to be
added to the PRD vendor database. The form must be submitted to Purchasing prior to completing a PRD.

e. Prepare a PRD including a complete description of the payment. Attach all receipts, invoices, and other required documentation. **DO NOT attach the IRS W-9, Vendor Application, Independent Contractor form or any other document that contains the vendor’s Personal Tax Identification Number.**