

Payments to Resident Alien Individuals

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I. Purpose

To provide guidance to University administrators and establish terms, limits and conditions for making payments to individuals classified as Resident Aliens and to ensure compliance with Internal Revenue Service regulations for tax withholding and reporting.

II. Responsibilities

- A. Business officer/department administrator
 - 1. Determine taxpayer classification of resident aliens
 - 2. Verify W-9 form is completed
 - 3. Make a copy of the Immigration and Naturalization Service (INS) Green Card
 - 4. Route payment document for approval
- B. Purchasing
 - 1. Process vendor application
- C. Accounts Payable Services
 - 1. Verify classification of payment
 - 2. Process payment document

III. Policy

- A. Taxpayer classification and reporting of resident aliens must be in accordance with Internal Revenue Service specifications. See [BPM 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.

IV. Forms

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

V. 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.
NOTE: See [BPM E-7-4 Taxpayer Classification for Reporting Payee to IRS](#) for taxpayer classifications guidelines and for proper categorization of taxpayers by residency status.
NOTE: Requests for payments to individuals, sole proprietors, and partnerships for non-service related expenditures are generally for goods but they may also include disbursements for rents, royalties, and awards.
 - 1. Non-service related payments

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- a. Verify that the payee/vendor is in the vendor database. If not, have the vendor complete and sign a [Vendor Application](#). The application form must be submitted to Purchasing prior to completing a Payment Request Document (PRD).
- b. Prepare a PRD including a complete description and reason for the payment. Attach all receipts, invoices and other required supporting documentation. **DO NOT attach an IRS W-9, Vendor Application or any other document that contains the vendor's Personal Tax Identification Number.**
2. Independent Personal Services paid from an imprest account - See [BPM E-9](#) Compensation for Research Subjects for information regarding payments to research subjects.
3. Service Related Payments
Requests for payments to individuals, sole proprietors and partnerships for services include work performed by consultants, visiting speakers, honorariums and other service providers.
 - a. Refer to [BPM E-7-3](#) for payment classification factors for Independent Contractors.
 - b. Review the [Purchasing/AP Quick Reference Guide](#) to determine the appropriate method of payment for the service.
 - c. If the payment should be made via PRD, follow steps A.1. and A.2. above.