

## Payment to Individuals Flowchart Explanation

The “Payments to Individuals Flowchart” outlines the key steps involved in the processing of requests to pay individuals for services performed for the University. Two critical determinations – those of U.S. vs foreign tax status and independent contractor status – should be made at the beginning of the process so that there is clarity regarding tax requirements and what set of required documentation is involved.

### U.S. person vs. Non-Resident Alien

“**U.S. person**” means either a US citizen or a resident alien (as per IRS definitions and must have a taxpayer identification number (TIN)). A “**non-resident alien**” is a non-US citizen who does not meet the IRS definition of resident alien. The University does not provide advice regarding determination of residence status as per IRS rules – each individual should seek their own tax advice for this determination.

Individuals who are non-resident aliens are required to log in to Glacier (the University’s foreign tax compliance software) and complete the online interview questions. At the end of the online interview, Glacier will produce the appropriate forms for that individual to print, sign, and deliver to the Office of the Controller; the individual will also be informed at this time by Glacier whether or not the University will be required to withhold tax from money they receive for their services.

### Independent Contractor vs. Employee

After determining the U.S. person vs non-resident alien status, the status of independent contractor vs. employee must be made. The Independent Contractor Questionnaire must be completed and approved by the Office of the Controller. This determines whether an individual will be paid via the University payroll system as a temporary or project employee, or as an independent contractor.

Payments to independent contractors require:

1. Requisition
2. Purchase Order
3. Agreement/contract stating services to be performed and amount to be paid
4. Form W-9 (*if the individual is a non-resident alien; the appropriate forms will be provided by Glacier*)
5. The individual’s bank details for ACH direct deposit
6. Invoice

Payments to temporary/project employees require:

1. Forms W-4 and I-9 (*if the individual is a non-resident alien; the appropriate forms will be provided by Glacier*)
2. Memo from Budget Department with FOAP, position number and pay instructions (gross amount or hourly amount and hours worked)