

# Travel Reimbursements for Foreign Nationals

In most cases, a foreign national is subject to U.S. tax on its U.S. source income. Most types of U.S. source income received by a foreign person are subject to U.S. tax of 30%. A reduced rate, including exemption, may apply if there is a tax treaty between the foreign person's country of residence and the United States. Contact the tax office to determine if a vendor qualifies for a tax treaty exemption.

The IRS accountable plan rules are only applicable in connection with compensatory payments, regardless whether the payment is for dependent personal services (e.g. employee compensation) or independent personal services (e.g. contractor payments, honoraria). Therefore, if the travel reimbursement is for a **non-service (non-compensatory)** scholarship, fellowship, or grant, the travel reimbursement is **not** excludable under the accountable plan rules and must be taxed accordingly. Same rule applies for non-service travel reimbursements for independent contractors.

## **Travel Reimbursements (Independent Contractors):**

- Tax withholding of **30%** should be applied on travel reimbursements for foreign national vendors where there is **no compensation for services**, **unless** the vendor is at UH to speak and is characterized as an independent contractor by UH.
- Travel reimbursements for non-compensatory foreign national speakers require a “Speaker Agreement Form” (OGC-S-2002303). This form should be uploaded to the Concur Expense Report (or A/P for UHCL, UHD, UHV) when processing the travel reimbursement. The reimbursement will not be subject to tax withholding. However, the Concur Expense Report (or voucher for UHCL, UHD, UHV) should be routed through the Tax Department for review and approval.
- The Tax Department determines whether or not a foreign national vendor was compensated based on information in the Concur Travel Management system. The department must flag on the report header that the vendor is a foreign national, was compensated and also provide a copy of the compensation voucher as supporting documentation. Concur Expense Report should be routed through the Tax Department for review and approval.
- For all other non-compensatory travel reimbursements for a foreign national, upload the “Foreign National Information Addendum”, found in the tax website <https://uh.edu/office-of-finance/tax-information/foreign-national-information-addendum.pdf>. This addendum should be uploaded to the travel reimbursement in the Concur Travel Management System. Note, any travel reimbursement for visa status other than a B-1/B-2 will require approval from Office of General Counsel.
- **Contact the Tax Department prior to processing** the travel reimbursement to determine if the foreign national is eligible for a tax treaty exemption. Otherwise, Apply the **30%** tax withholding using the "**Tax Liability Expense Type**" (account code 20611), enter the tax liability cost center **2080-H0258-F0855-BPXXXX-NA** and enter the tax withholding amount as a negative (see example on page 2). The Concur Expense Report should be routed through the Tax Department for review and approval.

**Note: campuses not using the Concur Travel Management System can process payment in A/P.**

**Tax Liability for Non-Resident Alien**

Tax withholding amount should be a negative (-) and the account code 20611

Transaction Date	Expense Type	Business Purpose	Vendor	City of Purchase	Payment Type	Amount	Account Code 1
12/15/2017	Tax Liability for Non-Resident Alien			Houston	Paid by Traveler	\$-44.31	20611
<b>Allocations :</b>		100.00% (\$-44.31) 00730-H0258-LOCAL-2080-F0855-NA-NON-GRANT-UH-University Guest Travel (Not Pai-DO NOT USE					

**Prospective Student Travel:**

Reimbursements for travel expenses related to a “job interview” for a prospective employee are not considered income and not subject to tax withholding. However, student recruiting travel reimbursements are subject to **30%** tax withhold for foreign national.

- Contact the Tax Department prior to processing the travel reimbursement to determine if the foreign national is eligible for a tax treaty exemption. Otherwise, travel reimbursement will be subject to **30%** tax withholding.
- In the Concur Travel Management System, the department must flag on the report header of the Expense Report that the vendor is a foreign national. The travel type should be “**Prospective Student Travel**” and the traveler type should be “**Prospective Student**”
- The department should upload the “Foreign National Information Addendum”, found in the tax website [http://www.uh.edu/finance/pages/tax\\_info.htm](http://www.uh.edu/finance/pages/tax_info.htm). The form should be completed by the foreign national. This addendum should be uploaded to the travel reimbursement in the Concur Travel Management System.
- If no tax treaty exemption is available, then apply **30%** tax withholding to the travel reimbursement using the “**Tax Liability Expense Type**” (account code 20611). Enter the tax liability cost center **2080-H0258-F0855-BPXXXX-NA**, and enter the tax withholding amount as a negative (see example below). The Concur Expense Report should be routed through the Tax Department for review and approval.

**Tax Liability for Non-Resident Alien**

Tax withholding amount should be a negative (-) and the account code 20611

Transaction Date	Expense Type	Business Purpose	Vendor	City of Purchase	Payment Type	Amount	Account Code 1
03/24/2018	Tax Liability for Non-Resident Alien			New York	Paid by Traveler	\$-145.37	20611
<b>Allocations :</b>		100.00% (\$-145.37) 00730-H0258-LOCAL-2080-F0855-NA-NON-GRANT-UH-Prospective Student Travel-DO NOT USE					

## Student Travel (Travel Grants):

When reimbursing foreign national students for travel and activities under an appropriate visa status on behalf of the university, the following applicable IRS tax guidelines apply:

- Travel reimbursements for a foreign national student performing educational, non-service, and nonemployee activities will be subject to **14%** tax withholding, unless a treaty applies; this is considered a travel grant/fellowship to assist the student's field of study/research/training.
- All foreign national students performing non-educational, non-service, and non-employee activities (solely benefits the University, not the student) associated with travel reimbursements will be subject to **30%** tax withholding, unless a treaty applies.
- **Contact the Tax Department prior to processing the travel reimbursement to determine if the foreign national is eligible for a tax treaty exemption.** Otherwise, travel reimbursement will be subject to either **14%** or **30%** tax withholding.
- In the Concur Travel Management System, the department must flag on the report header of the Expense Report that the vendor is a foreign national. The travel type should be **“Student Travel”** and the traveler type should be **“Student”**
- The department should upload the “Foreign National Information Addendum”, found in the tax website [http://www.uh.edu/finance/pages/tax\\_info.htm](http://www.uh.edu/finance/pages/tax_info.htm). The form should be completed by the foreign national. This addendum should be uploaded to the travel reimbursement in the Concur Travel Management System.
- On the Concur Expense Report Header “comment” box, the department should enter the purpose and benefit of the student travel. Upload any supporting documents that justify the purpose for the student travel.
- If no tax treaty exemption is available for the student, then apply either the **14%** or **30%** tax withholding to the travel reimbursement using the **“Tax Liability Expense Type”** (account code 20611). Enter the tax liability cost center **2080-H0258-F0855-BPXXXX-NA**, and enter the tax withholding amount as a negative (see example on page 4). The Concur Expense Report should be routed through the Tax Department for review and approval.

### Tax Liability for Non-Resident Alien

Transaction Date	Expense Type	Business Purpose	Vendor	City of Purchase	Payment Type	Amount	Account Code 1
03/13/2018	Tax Liability for Non-Resident Alien	Conference		Houston	Paid by Traveler	\$-126.00	20611
<b>Allocations :</b>		100.00% (\$-126.00) 00730-H0258-LOCAL-2080-F0855-NA-NON-GRANT-UH-Student Domestic Travel (Not Fie-DO NOT USE					

Tax withholding amount should be a negative (-) and the account code 20611

## Participant Travel:

When reimbursing foreign national participants for travel and activities under an appropriate visa status on behalf of the university, the following applicable IRS tax guidelines apply:

- Travel reimbursements for a foreign national participant in research studies or in training programs will be subject to **14%** or **30%** (without a tax treaty), depending on visa status and if travel expense benefits the participant’s field of study.
- **Contact the Tax Department prior to processing the travel reimbursement to determine if the foreign national is eligible for a tax treaty exemption.** Otherwise, travel reimbursement will be subject to either **14%** or **30%** tax withholding.
- In the Concur Travel Management System, the department must flag on the report header of the Expense Report that the vendor is a foreign national. The travel type should be **“Participant Cost Travel”** and the traveler type should be **“University Guest”**
- The department should upload the “Foreign National Information Addendum”, found in the tax website [http://www.uh.edu/finance/pages/tax\\_info.htm](http://www.uh.edu/finance/pages/tax_info.htm). The form should be completed by the foreign national. This addendum should be uploaded to the travel reimbursement in the Concur Travel Management System.
- On the Concur Expense Report Header “comment” box, the department should enter the purpose and benefit of the participant travel. Upload any supporting documents that justify the purpose for the travel.
- If no tax treaty exemption is available for the participant, then apply either the **14%** or **30%** tax withholding to the travel reimbursement using the **“Tax Liability Expense Type”** (account code 20611). Enter the tax liability cost center **2080-H0258-F0855-BPXXXX-NA**, and enter the tax withholding amount as a negative (see example on page 4). The Concur Expense Report should be routed through the Tax Department for review and approval.

### **Tax Liability for Non-Resident Alien**

Transaction Date	Expense Type	Business Purpose	Vendor	City of Purchase	Payment Type	Amount	Account Code 1
02/19/2018	Tax Liability for Non-Resident Alien			Houston	Paid by Traveler	\$-148.81	20611
<b>Allocations :</b>		100.00% (\$-148.81) 00730-H0258-LOCAL-2080-F0855-NA-NON-GRANT-UH-Participant Cost Travel-DO NOT USE					

Tax withholding amount should be a negative (-) and the account code 20611

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