Overview:

The International Services Center’s (ISC) Employment & Taxation Unit oversees the university’s U.S. immigration and IRS tax compliance for travel reimbursements paid to foreign national individuals on behalf of the university.

Purpose:

This publication may be utilized by any UCF department that reimburses foreign national employees or students for travel and incidental expenses. This publication provides compliance guidelines that operate under specific guidance within IRS regulations, U.S. immigration laws, Florida statutes, and UCF Finance & Accounting policies.

Scope:

The content’s focus is limited to a foreign national’s past and proposed travel activities, incidental expenses, and their associated reimbursements. Immigration eligibility and IRS tax implications are the primary determinations that are addressed in the publication’s content.

Immigration:

In most instances, the Immigration & Nationality Act (INA) provides specific guidance for allowable activities associated with nonimmigrant visitors and their visa status.

In general, the university is allowed to reimburse foreign national students and employees who are performing activities on behalf of the university under the following visa statuses where applicable:

- F-1 Visa: In most cases while in work authorization status such as CPT, OPT, EAD etc.
  - Non-service activities require no work authorization; considered travel grant
- J-1 Visa: In most cases while in work authorization status
  - If it is a J-1 student visa holder, apply F-1 rules above
  - If J-1 visa holder is sponsored by another school, written approval is needed
- H-1B Visa: In most cases when UCF is the H-1B visa holder’s employment sponsor
  - Non-service income is very restrictive since it may affect the foreign national’s immigration requirements
  - If H-1B visa holder is from another institution, specific requirements must be met; contact ISC for more details
- Permanent residents (LPR)
- Other statuses that issue EADs
- Other appropriate statuses when activity is associated with non-service travel grants where applicable

Note: In general, prospective students and employees are eligible for travel reimbursements under immigrations regulations. When applicable in these instances, a B Visa type, Visa Waiver
and most nondependent visas will be appropriate. The department should also supply a letter extending the invitation.

**Internal Revenue Service:**

In general, the Internal Revenue Code, Section 1441 provides specific guidance for applicable withholding and tax liability associated with a non-resident alien’s (NRA) activity.

In most instances, any reimbursements or payments made to a foreign national, regardless of other regulatory oversights, must comply with IRS regulations.

Under IRS regulations, travel reimbursements are non-taxable and non-reportable when they meet both the IRS Accountable Plan rule and the Away-From-Home rule. However, when reimbursements fail to meet either rule, a 30% or 14% federal tax withholding may be applicable to students, unless a tax treaty applies. For employees, reimbursements will be considered wage income, subject to withholding of employment taxes, and reportable on a W-2.

**Note:** Gross ups are not permissible on reimbursements

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

- **Foreign National Students:**
  - All foreign national students performing educational, non-service, and non-employee activities associated with reimbursements will have a 14% tax withholding, unless a treaty applies; this is considered a travel grant
  - All foreign national students performing non-educational, non-service, and non-employee activities associated with reimbursements will have a 30% tax withholding, unless a treaty applies; this is also considered a travel grant
  - All reimbursements to foreign national students performing services on behalf of the university or as an employee are not subject to tax withholding as follows:
    1. Official University Business
    2. Presenting at a conference on behalf of university business as an employee (not for degree or dissertation purposes)
    3. The student's employment at the university

- **Foreign National Employees:**
  - All foreign national employee reimbursements will not be subject to tax withholding or reporting for official university business as an employee; however:
    1. The activity must meet the IRS Accountable Plan rule
    2. The activity must meet the IRS Away-From-Home rule
    3. The activity must have a business connection

- **The Accountable Plan Rule:**
  - The IRS requires the following three to be met in order to comply with the rule
    1. Business expense requirement is met
    2. Written substantiation, such as receipts, vouchers, etc.
    3. Travel advances exceeding actual expenses must be returned to employer
- **The Away From Home Rule:**
  - The IRS requires that a payee be away from their permanent home/workplace overnight without an anticipated stay of more than a year

- **Incidental and Associated Expenses:**
  - Lodging
  - Meals
  - Incidental expenses:
    - Fees and tips given to porters, baggage carriers, etc.
    - Transportation between places of lodging or business and places where meals are taken
    - Mailing costs associated with filing travel vouchers and payment of employer-sponsored charge card billings

<table>
<thead>
<tr>
<th>Documents required by ISC</th>
<th>Submission Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passport</td>
<td>Before activity/approval</td>
</tr>
<tr>
<td>Visa (if required)</td>
<td>Before activity/approval</td>
</tr>
<tr>
<td>I-94 Card</td>
<td>While traveler in U.S.</td>
</tr>
<tr>
<td>W8-BEN</td>
<td>Before activity/approval</td>
</tr>
<tr>
<td>ISC’s Form C or ISC’s Form D (for students)</td>
<td>Before activity/approval</td>
</tr>
<tr>
<td>ISC’s Form A, SSN or ITIN (if treaty applies)</td>
<td>Before payment processing</td>
</tr>
<tr>
<td>Copy of completed UCF travel voucher (via F &amp; A)</td>
<td>Before payment processing</td>
</tr>
</tbody>
</table>

**Note:** The I20 or DS-2019 may be requested if not already submitted to ISC

- **ISC’s Primary Determinations**
  - A foreign national’s immigration status, such as, visa status, work authorization, etc.
  - Activity associated with a foreign national’s reimbursements, such as work, service, etc.
  - If activity is reportable or taxable based on the Accountable Plan rule, such as business purpose, substantiation, etc.
  - Whether the foreign national is a resident alien or nonresident alien, such as Substantial Presence Test, LPR, etc.
  - Whether or not the foreign national is performing services
  - Whether or not the time frame associated with expenses is reasonably related to the activity
  - Whether or not the foreign national is anticipated to stay more than one year
  - Whether or not the associated activity will be considered work under immigration guidelines
Appendix

The chart below may be used as a reference for general visa information related to travel reimbursements and ISC’s requirements. All visa statuses below are assuming that UCF is the sponsor when applicable. If UCF is not the sponsor, different requirements may apply.

If a treaty applies for taxable reimbursements, a treaty-based W8-BEN, and ISC’s Form A may need to be completed by the payee in addition to the information below. The I20 or DS-2019 may be request if ISC doesn’t have a copy.

<table>
<thead>
<tr>
<th>Visa type/Status</th>
<th>Classification</th>
<th>Payee Documentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>F-1</td>
<td>UCF Student</td>
<td>W8-BEN, Passport, Visa &amp; I-94 Card</td>
</tr>
<tr>
<td></td>
<td>Non-UCF Student</td>
<td>W8-BEN, Passport, Visa &amp; I-94 Card</td>
</tr>
<tr>
<td>H-1B</td>
<td>Temporary Worker</td>
<td>W8-BEN, Passport, Visa &amp; I-94 Card</td>
</tr>
<tr>
<td>J-1</td>
<td>Exchange Visitor</td>
<td>W8-BEN, Passport, Visa &amp; I-94 Card</td>
</tr>
<tr>
<td>L-1</td>
<td>Intra-Company Transfer</td>
<td>W8-BEN, Passport, Visa &amp; I-94 Card</td>
</tr>
<tr>
<td>Permanent Resident</td>
<td>Permanent Resident</td>
<td>W9 &amp; Permanent Resident card or I-551 stamp in passport.</td>
</tr>
<tr>
<td>Refugee</td>
<td>Refugee or approved Asylee</td>
<td>W9 &amp; I-94 Card</td>
</tr>
<tr>
<td>Pending Perm. Resident</td>
<td>Permanent Resident in process</td>
<td>W9 &amp; EAD</td>
</tr>
<tr>
<td>Conditional Resident</td>
<td>Marriage to Permanent Resident or Citizen</td>
<td>W9 &amp; EAD</td>
</tr>
<tr>
<td>TN</td>
<td>Visitor from Canada or Mexico</td>
<td>W8-Ben, Passport, Visa &amp; I-94 Card</td>
</tr>
</tbody>
</table>