

Foreign National Compliance Policy

All North Carolina state government agencies, universities, community colleges, and institutions have been tasked with the responsibility of withholding and reporting on payments to nonresident aliens (foreign nationals) and foreign vendors in accordance with Internal Revenue Code (IRC) Section 1441 and policies established by the Office of the State Controller (OSC). These policies and procedures can be accessed using the following link: [600.1 - Foreign Nationals Tax Compliance Policy - Payments and Compensation of Foreign Nationals, Governments, and Corporations | NC OSC](#)

The Tax Navigator software package is contracted through OSC and provided at a cost to state entities to assist in properly withholding and reporting payments made to nonresident aliens working and studying in North Carolina. The software consists of components that calculate all applicable tax withholdings, and deliver all necessary tax analyses and required forms.

Five community colleges have licenses to use, manage, and maintain the software locally on their campuses, while the remaining 53 colleges are managed through a central database at the North Carolina Community College System Office (NCCCSO) Systems Accounting and Special Projects section of the Division of Finance and Operations. All licenses are funded and paid for by the System Office. The five colleges that have the software on campus are:

- Asheville-Buncombe Technical Community College
- Central Piedmont Community College
- College of The Albemarle
- Guilford Technical Community College
- Wake Technical Community College

A. All College Responsibilities

As part of the Foreign Nationals Compliance Program, all colleges must develop written internal policies and procedures that establish their own internal business flow process between Human Resources, Student Services and Accounts Payable. Any payments to foreign employees, vendors, contractors, or students must be tracked within each college. All colleges must designate a contact person or persons in the areas of Human Resources/Payroll, Student Services, and Accounts Payable/Purchasing to communicate with the System Office and the Office of the State Controller (OSC) on matters related to foreign nationals and the Tax Navigator software. Each college submits a Foreign National College Contacts form assigning the contact(s) for each area, and the System Office verifies and updates these contacts periodically. Colleges can select as many contacts in each area as needed, and the same person can be the contact for one or more areas.

B. Colleges Managed by System Office Responsibilities

The fifty-three (53) colleges managed centrally through the System Office must also submit and maintain a Foreign National College Authorized Signature Form. The designated individuals are responsible for signing the Foreign National Data Gathering Form and the Quarterly Foreign National Payment Certification Form, certifying that the information being submitted has been reviewed and is accurate to the best of his/her knowledge. These individuals are also responsible for signing the forms to be submitted to the IRS or foreign person or vendor when necessary. It is recommended that authorized signature designees for each college include the Chief Financial Officer and the Human Resources Director.

When presented with a foreign national vendor, contractor, student or employee, the college should complete either the Foreign National Vendor Data Gathering Form or the Foreign Visitor Information Form found on the Business and Finance website and return to the Systems Accounting and Special Projects section of the Division of Finance and Operations. Once the form has been reviewed and processed, Systems Accounting staff will notify the college of the applicable taxation rules.

It is the college's responsibility to gather all data for each individual or company to be tracked through Tax Navigator, whether processing the data locally or through the System Office, before payment is issued. No payments should be made to foreign individuals or organizations until an analysis of the facts and circumstances surrounding the transaction has been performed.

If payments made by the college to the foreign vendor, contractor, student, or employee are taxable, the college must withhold federal and/or state taxes as instructed. Payments and tax withholdings must be certified to the Systems Accounting and Special Projects Division of Business and Finance every quarter using the Foreign National Payment Certification Form.

C. Workflow for Colleges Managed through the System Office

1. College identifies a foreign national or foreign vendor that will be compensated via payroll, accounts payable or student services. The appropriate department should maintain a copy of evidentiary and supporting documentation, such as I-9, I-20, I-94, I-797, passport, employment authorization card, visa, DS-2019, W-8BEN, W-8BEN-E, W-ECI, etc.
2. College completes the Foreign Visitor Information Form or FNIS Vendor Data Gathering Form and submits **via BISCOP encrypted email** with supporting documentation to the System Office to brownb@nccommunitycolleges.edu.
3. System Office establishes the record containing demographic data in Tax Navigator, performs the Substantial Presence Test (SPT) and/or Treaty Analysis, if applicable, and notifies the college contact via email of the appropriate taxation rules.

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4. College certifies payment and withholding information to the System Office on the Quarterly Foreign National Payment Certification Form for each individual or company added to the system for tracking. This form will be submitted on a quarterly basis to update the information in the Tax Navigator.
5. System Office will update all records quarterly from the payment information submitted by the college.
6. At the end of the calendar year, IRS Forms 1042, 1042-T and 1042-S will be created by the System Office and sent to the college to be submitted to the IRS by March 15 each year. Form 1042-S must also be distributed by the college to the foreign national individuals and companies by March 15 each year.