

# Foreign Nationals Update

## ACCBO Conference

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# Disclaimer

The information contained in these slides is for information purposes only. We assume no responsibility for interpretation of the information contained in these slides. It is the user's responsibility to read the instructions and other documentation for the various IRS and NC forms. Any actions expressed in class or in these slides are suggestions for community colleges. Any decisions made concerning the reporting or non-reporting of information is a local community college decision.

# Disclaimer

The information in this presentation has been prepared with inserts from several past presenters.

To provide examples of a community college's self-prepared forms, Holly Spivey of Fayetteville Technical Community College has graciously added information to this presentation for examples.

Please contact Holly for additional assistance with forms.

If colleges wish to use any of the forms provided by FTCC, they must request permission from Holly Silvey, [silveyh@faytechcc.edu](mailto:silveyh@faytechcc.edu).

# Agenda

- **What does Foreign National mean?**
- **Changes in Foreign Nationals Compliance**
- **Documents Necessary to Process Tax Analysis**
- **Checklists Documents**
- **Final Tips and Takeaways**

# What does Foreign National mean?

**Under U.S. immigration law, a foreign national is any individual who is not a U.S. citizen. Includes, lawful permanent residents (green card holders) and individuals in temporary visa statuses (e.g. F-1, H-1B, J-1).**

**I am an individual who has received approval to be legally in the United States.**

**Am I automatically authorized to be employed?**

**No.**

**Depends on how the following questions are answered.**

# What are Foreign National payments?

- Payments to foreign national individuals and/or businesses that may be required to have tax withholdings and are reported pursuant to guidelines of the Internal Revenue Tax Code Section 1441 to 1443.

➤ [International Taxpayers - Non-resident Withholding](#)

- Also applies to payments to foreign employees and students (with non-qualified scholarship refunds).
- Requires review and possible analysis of transactions **prior** to issuance of **any type of payments**. This includes wages, certain scholarship refunds, payments for services and goods through Accounts Payable.

# What requirements have changed with Foreign National Compliance?

None – These have remained the same for many years.

- Foreign National Requirements are the same as before – withholding requirements must be analyzed *prior* to processing *any type of payments*
- Includes Employees, Students, Contractors and Businesses
- **NOTE:** E-Procurement does not evaluate withholding requirements for taxes, only the allowance to do business with the State of North Carolina

# What documents should be available before doing foreign national payment analysis?

- Foreign Visitor Information Form (FVIF) available on NCCC Website
- [Foreign Visitor Information Form Fillable \(04-06-2026\)](#)
- Employment Authorization Document (EAD)
- Visa
- Passport
- Form I-20
- Green Card
- I-94 with travel history

# System Office Forms Available

The System Office has updated the Foreign National Compliance Program Policy and Foreign Visitor Information Form (04-06-2026).

<https://www.nccommunitycolleges.edu/>

- Click on College Faculty & Staff – in upper left row
- Click on Budget & Finance – in middle of second row
- Under Budget & Accounting – Click on Foreign National Compliance Program
- [Foreign National Visitor Information Form \(04-06-2026\)](#)

# Sprintax/Calculus

The [Sprintax/Calculus](#) software package is contracted to provide state entities assistance 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.

Each college is responsible for entering all appropriate information for nonresident aliens (foreign nationals) and foreign businesses in the Sprintax/Calculus software. The [Foreign Visitor Information Form Fillable \(04-06-2026\)](#) is provided as an information gathering tool for colleges.

Colleges are reminded no payment(s) should ever be processed for any nonresident alien or foreign business without processing all detailed information through the Sprintax/Calculus software to determine the proper tax withholding.

# What are Colleges Required to Do?

- College Users (Administrators) have been designated by all community colleges and have been provided access to Sprintax.
- To obtain access to Sprintax/Calculus – Complete the [Sprintax-Calculus User Request Fillable Form \(02-23-2026\)](#) and submit to Judy King ([Kingj@nccommunitycolleges.edu](mailto:Kingj@nccommunitycolleges.edu)) as an Excel formatted document.
- College Users must enter all information required for analysis and record keeping.

# College Examples

**Holly Silvey**

Executive Director of Disbursements –  
Fayetteville Technical Community College

Will now provide how to use various Colleague reports and actions during the year.

# Review During the Year

## Students (Scholarships, Sponsorships, Financial Aid)

Admissions staff will run an Informer report on Foreign Nationals and email it to the Business Office. Upon receipt, use this report as the master spreadsheet for the calendar year (e.g., Fall 2025, Spring 2025, and Summer 2025). Ensure this document is maintained and updated as needed throughout the year.

The screenshot shows the Informer report configuration interface. At the top, there are tabs for 'REPORT TEMPLATE', 'DATA', 'USER SETTINGS', 'SCHEDULES', and 'LIVE EXCELS'. Below the tabs, the report title is '★ FPER (Foreign Person) Data - Holly Student Report'. The 'Overview' section displays the following configuration details:

|                    |   |
|--------------------|---|
| Title              | FPER (Foreign Person) Data - Holly  |
| Description        | None  |
| Datasource         | Student   |
| Mapping            | FOREIGN.PERSON  |
| Select Filter      | FOREIGN.PERSON.Alien Status is not empty  |
| Columns            | ID, First Name, Last Name, Alien Status, Immigration Status, Visa Type, Visa Expire Date, CurTerm, Added On, Changed By, Birthday |
| Sorts              | Last Name (ASC), First Name (ASC)   |
| Groups             | None  |
| Normalize          | None  |
| PDF Template       | currmgmt  |
| Sharing            | Private   |
| Limit Result Count | (none)  |
| Tags               | Applications and Transcripts Processed  |

## Admission's Foreign National Spreadsheet Review

### Students

- The spreadsheet includes Immigration Status and Visa Type; all PR (permanent residents) are filtered and color-coded yellow and do not require review, as they are eligible for financial aid
- Review all other scenarios with Admissions and Financial Aid to confirm federal aid eligibility
- If the student is not eligible, remove the aid
- If a scholarship creates a refund, the student must complete Sprintax Calculus
- Ensure the application process is completed **before issuing a refund**
- Sprintax Calculus results determine the amount of tax withholding
- Note: Refunds may be taxable—review carefully prior to disbursement to a foreign national student

## Students

### Foreign National – Taxable Refund Handling

Apply tax withholding (if required)

- Nonresident aliens: typically **14% federal withholding** on taxable scholarships/refunds
- Check for **tax treaty benefits** (may reduce or eliminate withholding)

Withhold tax before refunding

- Do **not issue full refund**
- Deduct required tax and **remit** to the IRS

#### **Use EFTPS (Electronic Federal Tax Payment System)**

Log in by going to [eftps.com](https://eftps.com) and sign in using college's EIN, PIN and credentials

Start payment by selecting tax form 1042 with payment type Federal Tax Deposit, tax period is month and year the scholarship was paid and enter only the federal tax withholding amount, select IRS due date based on your deposit schedule, keep confirmation with student record.

**Process refund** - Issue **net refund (after tax withholding)** to the student

#### **Report at year-end**

- Report taxable amount and withholding on **Form 1042-S**

# Foreign Vendors

## How Foreign Vendors Are Identified

### Notification Process

- The Business Office individual responsible for foreign vendors is notified when:
  - Procurement alerts the individual, or
  - The individual is added to the approval chain in ePro for a foreign national purchase or service

### Ongoing Monitoring

- An Informer report is run quarterly to ensure:
  - All foreign vendor payments have been properly reported by Procurement

### Invoice Review & Due Diligence

- Individuals approving invoices must perform due diligence by:
  - Review invoices when approving payments to verify the college has completed the required review, including Sprintax Calculus
  - If, during invoice review, you identify the payee as a foreign individual or company, take appropriate follow-up action to ensure proper tax withholding has been determined before payment approval.

# When does a Foreign Vendor need to complete Sprintax Calculus?

## The vendor is considered a *foreign person*

This includes:

- Non-U.S. individuals
- Non-U.S. companies or organizations
- Vendors without U.S. citizenship or U.S. tax residency

Vendors

## The payment is for *U.S.-source income*

Common examples:

- Software licenses or subscriptions
- Consulting or professional services
- Speaker fees or honoraria
- Royalties
- Independent contractor services

If the income is considered **U.S.-sourced**, tax rules kick in.

## Vendors

### What Sprintax Calculus determines

The system evaluates:

- Whether the vendor is truly *foreign* for tax purposes
- Whether the payment is taxable
- If federal tax withholding is required (often 30%, unless reduced by a tax treaty)
- Which IRS forms are needed (W-8BEN, W-8BEN-E, etc.)

# When Sprintax Calculus is not required

Typically, **not needed** if:

- The vendor is a U.S. person/entity (W-9 on file)
- The payment is not U.S.-source income
- A valid Sprintax determination already exists and is still current
- The payment is for tangible goods only.
  - Merchandise purchased for resell
  - Books, uniforms, supplies, equipment
  - Inventory items with no license or service components
- Title passes outside the U.S. or it's a straight goods purchase
  - The vendor is simply selling goods
  - No services, installation, training, or support included
- No royalties or usage rights involved
- The company has a U.S. address and a verified W-9 form on file

## Vendors

# Informer Report to Pull Foreign Vendors for Review

Run the informer report and review to determine if any vendors need to go through Sprintax Calculus. When running use the first day of the calendar year you are currently in.

## Vendors

The screenshot shows the Entrinsic Informer interface. At the top, there is a navigation bar with 'Reports' and 'Mappings' tabs. Below this is a breadcrumb trail: Home > Reports > HMS-Vouchers Paid to Foreign Country Vendors. A secondary navigation bar contains tabs for 'REPORT TEMPLATE', 'DATA', 'USER SETTINGS', 'SCHEDULES', and 'LIVE EXCELS'. The main content area displays the report configuration for 'HMS-Vouchers Paid to Foreign Country Vendors', which is a 'Bus and Finance Report'. A description states: 'Lists Vendors or Students with out of country address that we paid since a certain date.' To the right of the report title are icons for 'Delete', 'Lock', 'Live Excel', 'Copy', and 'Tags'. Below the report title is an 'Overview' section with the following details:

|                    |   |                  |              |
|--------------------|---|------------------|--------------|
| Title              | HMS-Vouchers Paid to Foreign Country Vendors  | Owner            | Holly Silvey |
| Description        | Lists Vendors or Students with out of country address that we paid since a certain date.  | Created by       | Holly Silvey |
| Datasource         | Bus and Finance   |                  | Mar 23, 2026 |
| Mapping            | VOUCHERS  | Last modified by | Holly Silvey |
| Select Filter      | VOUCHERS.Vou Check Date on or after ? "Begin Date"! and VOUCHERS.Vou Misc Country is not empty and VOUCHERS.Vou Misc Country does not match 'USA' (ignore case) |                  | Mar 23, 2026 |
| Columns            | VenName, Vou Vendor, GL Number, Vou Paid Date, Vou Paid Amt, Vou Misc Country, Misc Country   |                  |              |
| Sorts              | VenName (ASC)   |                  |              |
| Groups             | None  |                  |              |
| Normalize          | None  |                  |              |
| PDF Template       | System default  |                  |              |
| Sharing            | Private   |                  |              |
| Limit Result Count | (none)  |                  |              |
| Tags               | Budgets & Financial Systems, Charles Smith  |                  |              |

## Foreign Vendor Tax Withholdings

**Decide whether to proceed with the vendor once the tax status and withholding requirements are known:**

- Management needs to decide whether to continue contracting with the foreign vendor under the required tax conditions.

**When payment is issued:**

- Required federal (and if applicable, state) withholding is taken from the vendor payment.
- Withholding for foreign personal services is generally **30%**, unless reduced by treaty. (IRS Form 1042-S rules).

**Use EFTPS (Electronic Federal Tax Payment System)**

- Log in by going to [eftps.com](https://eftps.com) and sign in using college's EIN, PIN and credentials
- Start payment by selecting tax form 1042 with payment type Federal Tax Deposit, tax period is month and year the payment is made to vendor and enter only the federal tax withholding amount, select IRS due date based on your deposit schedule, keep confirmation with student record.

Vendors

## Foreign National Employees

**Payroll and/or Human Resources** notify the staff member who handles foreign nationals when an offer of employment will be extended to a Foreign National resident.

The staff member contacts the employee and instructs them to monitor their email for a Sprintax invitation.

The staff member sends the Sprintax activation email to the employee's email address.

The Foreign National employee completes the Sprintax application process online.

## Foreign National Employees

### Upon completion, the staff member:

- Prints all Sprintax-generated documents
- Schedules the employee to come in and sign required forms

Sprintax documentation identifies the **required tax withholding** amounts.

Payroll receives copies of all completed documents to enter tax withholdings into the payroll system.

The original **signed** documents are retained in the Foreign Nationals folder, organized by tax year.

# Final Tips and Take Aways

Countries that have conducted business  
with Colleges that have created tax  
withholding situations

|                  |                      |                 |                    |
|------------------|----------------------|-----------------|--------------------|
| <b>Australia</b> | <b>China</b>         | <b>Honduras</b> | <b>Singapore</b>   |
| <b>Belgium</b>   | <b>Denmark</b>       | <b>India</b>    | <b>Sweden</b>      |
| <b>Brazil</b>    | <b>France</b>        | <b>Kuwait</b>   | <b>Switzerland</b> |
| <b>Canada</b>    | <b>Germany</b>       | <b>Malta</b>    | <b>Netherlands</b> |
| <b>Chile</b>     | <b>Great Britain</b> | <b>Norway</b>   | <b>Turkey</b>      |

# Quick Points

- If a foreign national employee or student is a ***permanent resident (with a green card) or DACA (Deferred Action for Childhood Arrivals)***, withholding should be done as any other US citizen. No withholding analysis is required.
- Analysis for foreign national **employees** that do not qualify as ***permanent resident (with a green card) or DACA (Deferred Action for Childhood Arrivals)*** are required to have an analysis of tax withholding. They will not receive a 1042-S, because their information is reported to IRS through W-2 processes. However, the analysis must be completed prior to any payments being processed through Payroll for correct withholding to be calculated.
- If a college receives tangible products or subscriptions for software, does this qualify for automatic non-withholding allowances? **No – depends on the Country in which the Business is located and dependent upon tax treaty analysis.**

# Quick Points

## Foreign Nationals & P-Card Transactions

- P-Card payments are processed immediately upon the transaction being processed. There is no allowability for analysis of proper withholding.
- Generally, a college will not know that a foreign national purchase has been processed until there is a foreign purchase charge on the P-Card statement received from Bank of America.
- Using a P-Card to make these payments can cause penalties for not properly withholding the required taxes.

# Quick Points

## Foreign Nationals & P- Card Transactions

So . . . College will be required to gross up the amount of the payment to the vendor for the taxes that should have been withheld. The college will be required to pay the withholding to the IRS and may incur penalties if not reported until year-end 1042 report.

- ❖ A \$10,000 purchase could result in the college being responsible for paying \$4,285.71 in foreign nationals withholding taxes. ( $\$10,000 / 70\%$ ) – which computes to the college paying \$14,285.71 in total for the purchase.

# Questions?

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