Payments to Foreign Visitors

The University of Minnesota is required to withhold income tax from payments to foreign visitors, except when:

1. The individual qualifies under a treaty between the United States and the foreign national's home country that provides an exception or modification to the withholding requirement\(^1\), or
2. The payments are exempt under the Internal Revenue Code, or
3. Scholarship payments are made for qualified educational expenses\(^2\).

The withholding rate generally is 30% unless modified according to a treaty, or unless a 14% withholding rate for taxable scholarship payments applies\(^3\).

For specific tax and employment information, and related forms, see the International Students, Scholars and Visitors page on the Office of Human Resources website.

Non-scholarship travel payments
Payments to nonresident alien contractors/visitors/payees for lodging and travel expenses paid on a short-term basis, including per diem amounts paid for meals and incidentals, are not subject to tax withholding and reporting as long as they are substantiated business expenses following the IRS "accountable plan" rules. See Paying Nonresident Alien Contractors/Payees for more information.

Scholarship travel payments
The exception described above for substantiated expenses does not apply to scholarship payments. See Scholarship and Fellowship Grants for additional information.

For questions on specific fact patterns, please email payroll@umn.edu with the following in the subject line: Payments to Foreign Visitors. The email should provide the visitor’s country of citizenship, country of residence and the country from which the visitor will be traveling; the purpose of the travel; the intended dollar amounts of the payments; and the source of the funding.

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\(^1\) The individual must have a social security number (SSN), individual tax identification number (ITIN) or a foreign tax identification number (FTIN) to qualify for any treaty benefits.

\(^2\) Tuition and required fees are qualified educational expenses.

\(^3\) Scholarship amounts related to travel and per diem/food expenses are nonqualified educational expenses, subject to withholding. Qualified educational expenses, such as tuition and required fees, are not subject to withholding.