

## Tax Form Entry Instructions for Non-US Citizens

- These are foreign individuals with or without IRS Form **W-8BEN, 8233 or W-9**
- University Tax Department is responsible for reviewing and entering the following forms.
  - **W-9** Resident alien tax status
  - **W-8 BEN** Non-resident alien tax status
  - **8233** Has a US tax ID number (TIN), is a resident of a tax treaty country, and has requested treaty benefits.
- Customer Service is responsible for receiving the federal and state tax forms, correcting/establishing Local Tax information, and entering tax withholding forms for non-US citizens. Windstar is used to establish status and produce tax forms for entry.
  - Review the W-4 and WH-4 tax forms. Verify they are complete, signed, and dated before beginning entry. If either form is invalid, see Invalid Form Instructions at the bottom.
  - **The instructions below apply to Non-Resident aliens (NRA).** If you receive forms for a Resident Alien (W-9 is signed), skip to **Step 5** W-9 entry below.

**If the forms were printed from Windstar, the country information will be printed on the forms and you can skip the following step.**

**Determine if an employee is a non-US citizen using one of the following procedures:**

- a. Check to see if the employee has entered "NRA" on line 6 of the W-4.
- b. They have an ITIN that starts with a "9".
- c. Review Identification data in HRMS (**Workforce Administration / Personal Information / Citizenship / Identification Data**)
  - Click "View All". Look for "**Citizenship Status: Permanent**" next to a country other than the U.S. on the "Citizenship" tab.
  - If country = US, follow regular tax form entry procedures on the IU Admin tax pages.
  - If non-US country, check the "Visa/Permit Data" tab to see if they have either an F or J visa.
    1. If the Visa type is LPR, the form can be entered as if a US Citizen. Follow regular tax form entry procedures on the IU Admin tax pages.
    2. If they are non-US and do not have any Visa type entered, contact Intl Services for correction. Do not enter form until Visa status is verified and/or corrected.
- d. After you determine they qualify as non-US citizens and the employee has an F or J Visa, you are ready to review and update the tax information.

### **Step 1: Verify Tax Data Status:**

Your first action is to determine if the tax screen is ready for entry. If the job hasn't been saved, the employee will not have a tax record. If the job was saved the same day you are looking at the tax screen and the tax data hasn't run thru the nightly batch cycle, the 1/1/CY row won't be established. **Review the 'last updated' field carefully as indicated below.** You may need to wait another day to update the tax record.

### **Main Menu>Payroll for North America >Employee Pay Data USA>Tax Information>Update Employee Tax Data**

1. Enter ID, click 'include history' and click the search button. If the employee has only **IU** jobs, it will open the tax record.
2. If employee record is returned with **IU** and **INE** companies, choose the IU tax record for entry. Do not choose the **INE** (No Pay) record for tax entry.

## **View Federal Tax Data:**

- Review the Federal Tax Data '*This data was last updated by*' field. If the record indicates '**IU DEP JCH**' or '**IU DEF UNP**', **NO tax data should be entered or modified today.**
  - A nightly batch process will run and change the '*last updated by*' field to '**IU PRCSSED**' and change the '*Effective Date*' to **01/01/CY** or the new row will be deleted.
- If the '*last updated by*' field is '**Online Usr**', '**System**', '**Emp Sf Svc**', or '**IU PRCSSED**', you **MAY** update the record.
- If the '*last updated by*' field is '**IU PRCSSED**' and the Effective Date is **01/01/CY**, this new hire record was created from job data and has been updated in nightly batch process. You **MAY** update the record.
- Review the **Effective dates** to determine if this is a new hire or an existing employee.
  - New hires will usually have one tax record that was created by the job data. The system will build an IN State row and the local row will be determined by the campus on the position (BL will build 105 (Monroe), IN will build 097 (Marion), etc.).
  - Existing employees will usually have multiple history rows and the effective date will not be 01/01/CY.

If you have both the W-4 (federal) and WH-4 (state) forms, begin with **Step 2** to verify and/or correct Local Tax data.

If you only have the W-4 (federal) form, begin with **Step 3** to update Federal and State Tax data.

## **Step 2: Correcting State/Local Tax Information – When you receive a new WH-4**

### **Important Information you should know:**

- Local tax in Indiana is determined by where the employee lived and worked on January 01 of the current tax year.
- The system will always use the 01/01/CY row or the last effective date before 01/01/CY to do the calculation.
- If the system doesn't find a tax row 'equal to' or 'prior to' 01/01/CY, No local taxes will be withheld during this tax year.
- You do not use the address information on the tax form to determine any locality information. You only use what the employee has written in the resident and employment locality sections on the WH-4.

Your required action is to compare what the employee has written in the **Residence** and **Employment** locality sections on the State Tax form (WH-4) to what is displayed on the Local Tax Data tab on the 01/01/CY or previous tax row. **If the information matches, you do nothing and move to Step 3.**

If the information doesn't match, you need to follow the instructions below to correct the State and Local Tax information. The instructions below are separated by 'new hire' or 'existing employee' detailed steps.

- **You should only use 'correction mode' on the 01/01/CY tax row – you never want to use correction mode and write over a history record.**

**If this is a new hire with only the 01/01/CY row**, review the State Tax Data and Local Tax Data tab and compare it to what the employee has written as **residence** and **employment** counties on the WH-4 Indiana Tax form. Review the Local tab to determine if you need to correct the record. If so, click 'correct history' on the bottom of the tax data and follow the instructions below.

#### **State Tax Data tab:**

- **The default State row will be IN.** When the federal and state rows are marked as 'non-res', the system requires that the IN resident box be unchecked. You do not need to worry about updating the flag on the 01/01/CY row.

#### **Local Tax Data tab:**

- If you live and work in the same county, you only need 1 *Locality* row. If you live and work in different counties, you may have two *Locality* rows in HRMS; principal *residence* and principal *employment*. The system always uses the *residence* locality first to determine the local tax rate. If the IN *residence* locality is taxable, the *employment* county will be ignored.
- If the employee has written the **same Indiana county** in both *residence* and *employment* on the tax form, you only need 1 *Locality* row and it should be checked *Resident*.
- If the employee has written **different Indiana counties** in *residence* and *employment* on the tax form, you should enter the first *residence Locality* row and check the *Resident* box. Insert a second *Locality* row for the *employment* record, leave the *Resident* box blank, and check the *County of Principal Employment* box.
- If the employee has written 'N/A', 'out of state', or some other **invalid information** in both *residence* and *employment* on the tax form, you only need 1 *Locality* row as 'dummy' and it should be checked *Resident*.
- If the employee has written a valid **IN county** in *residence* on the tax form and *employment* is **left blank, marked 'N/A', or 'out of state'**, you only need to enter the *residence Locality* and check *Resident*. You don't need to enter a 'dummy' non-resident row.
- If the employee has written 'N/A', **out-of-state**, or **left the *residence* locality blank** on the tax form **and** listed a valid **IN county** in the *employment* locality, you need to enter the *employment* locality, the *Resident* box will remain unchecked, and you need to check the *County of Principal Employment* box. The non-resident local tax rate will be withheld. **DO NOT ENTER a 'dummy' Locality row marked Resident.**
- If the localities for *residence* and *employment* **are left blank** on the form, we cannot determine if they were a resident of **IN** on January 1 of the current year. The system will build a **default local tax row based on the campus** (in BL = 105). Leave the default *Locality* row marked as *Resident*. The system will withhold the resident rate of local tax.
- If the employee has specified **additional local withholding** on line 8, this amount must be entered on the 01/01/CY row as well as the current effective dated row in **Step 4**.
- **SAVE the record and move out of "correction mode" back to "include history"**

**If this is an existing employee with multiple history rows**, you need to compare the *resident* and *employment* localities the employee has listed on the newly received **WH-4 Indiana Tax** form to the existing Local Tax Data tabs to determine if you need to correct the record.

The payroll tax calculation process uses the *Local Tax* information on the employee tax record that has an **Effective Date EQUAL TO January 1 or the last row PRIOR TO January 1 of the current tax year to determine local tax withholding.**

Compare the ***residence*** and ***employment*** localities the employee has written on the new form to the existing tax record.

- If the *residence* and *employment* localities were **left blank on the new form**, you can assume the employee does not want to change the existing *Local Tax* information and skip to **Step 3**.
- If the *residence* **or** *employment* localities are **different on the new tax form**, you need to determine which local row to correct.
- ***If the employee only has effective dated rows BEFORE January 1 of the current tax year***, you will need to return to Fed Tax Data to insert a new effective dated row. The new row will default in with today's date. Change the *Effective Date* to **01/01/CY**, correct the *residence* and *employment* local information on the Local Tax Data tab using the instructions below and SAVE the record.
- ***If the employee has effective dated rows BEFORE and AFTER January 1 of the current tax year***, you will need to return to Fed Tax Data and change to "correction mode" so you can insert a new row. Using the arrow on the *Effective Date* row, click to the effective dated row directly **BEFORE** January 1 of the current tax year, insert a new effective dated row, change the date to **01/01/CY**, tab to Local Tax Data, enter the *residence* and *employment* local information using the instructions below and SAVE the record.

#### **State Tax Data tab:**

- Default is IN. When the federal and state rows are marked as 'non-res', the system requires that the IN resident box be unchecked.

#### **Local Tax Data tab:**

- If you live and work in the same county, you only need 1 *Locality* row. If you live and work in different counties, you may have two *Locality* rows in HRMS; principal *residence* and principal *employment*. The system always uses the *residence* locality first to determine the local tax rate. If the IN *residence* locality is taxable, the *employment* county will be ignored.
- If the employee has written the **same Indiana county** in both *residence* and *employment* on the tax form, you only need 1 *Locality* row and it should be checked *Resident*.
- If the employee has written **different Indiana counties** in *residence* and *employment* on the tax form, you should enter the first *residence* *Locality* row and check the *Resident* box. Insert a second *Locality* row for the *employment* record, leave the *Resident* box blank, and check the *County of Principal Employment* box.
- If the employee has written '**N/A**', '**out of state**', or some other **invalid information** in both *residence* and *employment* on the tax form, you only need 1 *Locality* row as 'dummy' and it should be checked *Resident*.

- If the employee has written a valid **IN county** in *residence* on the tax form and *employment* is **left blank, marked 'N/A', or 'out of state'**, you only need to enter the *residence* Locality and check *Resident*. You do not need to enter a 'dummy' non-resident row.
- If the employee has written '**N/A', out-of-state, or left the *residence* locality blank** on the tax form **and** listed a valid **IN county** in the *employment* locality, you need to enter the *employment* locality, the *Resident* box will remain unchecked, and you need to check the *County of Principal Employment* box. The non-resident local tax rate will be withheld. **DO NOT enter a 'dummy' Locality row marked Resident.**
- If the localities for *residence* and **employment are both left blank** on the form, we can assume they do not want to change their local information.
- If the employee has specified an **additional local withholding amount** on line 8, the amount must be entered on the 01/01/CY row. Verify that the employee has a valid IN locality, do not enter additional tax on a DUMMY locality.
- **Save** the record.
- **After you finish correcting the local tax information, be sure to change out of "correction mode"! Go back to Update/Display at the bottom of the tax screen.**

### **Step 3: Enter Federal Tax Information:**

- a. Use the Tax page in HRMS: (Main Menu>Payroll for North America>Employee Pay Data USA>Tax Information>Update Employee Tax Data)
- b. Enter a new effective dated row with today's date. If there is already an effective dated row for today (meaning tax also updated), you can change the date to 'tomorrow' so your entry will override.
- c. Special Withholding Tax Status: select **"Non-Resident Alien;Tax Treaty/NR Data"** radio button.

Special Withholding Tax Status

None  
 Do Not Maintain Taxable Gross and Do Not Withhold Tax  
 Maintain Taxable Gross  
 Non-Resident Alien; Tax Treaty/NR Data

W-4 Processing Status:  None  Notification Sent  New W-4 Received

- d. Federal Withholding Status:
  - Tax Marital Status: Box 3 should be "single" regardless of marital status. If blank, can be also entered as "single".
  - Withholding Allowances: Box 5 can only have 0 or 1 entered as the allowance.
  - Box 6 should have "NRA" written on the dotted line to the left of box 6, but the form can be entered without.
  - Box 7 cannot have "Exempt" entered.
- e. Tax Treaty/NR Data: **If values are already entered in the following fields, DO NOT change.**
  - Date of Entry: enter date received.
  - Country: enter the country obtained from Identification Data in Step 1
  - Treaty ID: click on the looking glass. Click the 'lookup' button. The treaty ID will automatically be returned. The treaty ID is usually "TIAS".
  - Treaty Exp Date: overwrite the auto-populated date with date received. Please note that both date fields will be the same.

Tax Treaty/NR Data

Date of Entry:  [BT]  
Country:  [L] Treaty ID:  [L] Treaty Exp Date:  [BT]  
\*Form 8233 Recd: No [D] 8233 In Effect Date:  [BT] 8233 Exp Date:  [BT]  
\*Form W8 Recd: No [D] W8 In Effect Date:  [BT] W8 Exp Date:  [BT]  
\*Form W9 Recd: No [D] W9 In Effect Date:  [BT]  
Taxpayer ID Number:  NRA Withholding Rule: Subject to Rule [D]

Allowable Earnings Codes

Income Code (for 1042-S):	Max Earnings Eligible Per Year:	Tax Rate (after form):	Tax Rate (before form):

- f. If you received a **WH-4** State form, move to the State Tax tab and continue entry (**Step 4**).

- g. If you did not receive a **WH-4** State form, move to the State Tax tab
  - Uncheck the 'Resident' box
  - Check the 'Non-Resident Alien; Fed Rules' radio button
  - Move to the IU Fed Tax tab and enter the W-4 Received Date and SAVE the record

#### **Step 4: Entering State and Local Tax Information:**

You should have already reviewed and corrected the 1/1/CY State and Local tax rows in **Step 1** above to determine local withholding. **These instructions apply to the newly inserted current effective dated row.**

#### **State Tax Data:**

- a. State Information: Uncheck the "Resident" box.
- b. Special Tax Status: Check the "**Non-Resident Alien; Fed Rules**" radio button.
- c. Withholding Allowances: They may only choose 0 or 1 on Line 5 and may not exceed the federal allowances. They may not claim additional allowances on Line 6.

Company: IU Indiana University

Effective Date: 08/21/2013 Find | View All First 1 of 1 Last

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**State Information** Find | View All First 1 of 1 Last

\*State: IN Graduated Tax Tbls-Allowances

Resident
  UI Jurisdiction

Non-Residency Statement Filed
  Exempt From SUT
\*SDI Status: Not Applicable

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**Special Tax Status**

None
   
 Do Not Maintain Taxable Gross and Do Not Withhold Tax
   
 Maintain Taxable Gross; SWT zero unless specified in 'Additional Withholding' below
   
 Non-Resident Alien; Fed Rules

#### **Local Tax Data:**

##### Locality:

- **Enter locality based on WH-4 using the search-lookup function.** You may only have two localities; principal *residence* and principal *employment*.
- If the residence and employment localities were **left blank on the new form**, you can assume the employee does not want to change the existing *Local Tax* information.
- If the employee has written the **same Indiana county** in both residence and employment on the tax form, you only need 1 *Locality* row and it should be checked *Resident*. If the employee already has 2 locality rows, you would need to delete one row and correct the remaining row.
  - *Example: they have written 'Monroe' in the residence and employment sections, you only need 1 local Monroe row marked as resident.*

- If the employee has written **different Indiana counties** in *residence* and *employment* on the tax form, you should enter the first *residence Locality* row and check the *Resident* box. Insert a second *Locality* row for the *employment* record, leave the *Resident* box blank, and check the *County of Principal Employment* box.
- If the employee has written '**N/A**', '**out of state**', or some other **invalid information** in both *residence* and *employment* on the tax form, you only need 1 *Locality* row as 'dummy' and it should be checked *Resident*.
- If the employee has written a valid **IN county** in *residence* on the tax form and *employment* is **left blank, marked 'N/A', or 'out of state'**, you only need to enter the *residence Locality* and check *Resident*. You don't need to enter a 'dummy' non-resident row.
- If the employee has written '**N/A**', **out-of-state**, or **left the *residence* locality blank** on the tax form **and** listed a valid **IN county** in the *employment* locality, you need to enter the *employment* locality, the *Resident* box will remain unchecked, and you need to check the *County of Principal Employment* box. The non-resident local tax rate will be withheld. **DO NOT enter a 'dummy' Locality row marked Resident.**

**If the employee has 2 Locality rows, be sure to update the following information on both Localities.**

Special Tax Status:

- *None*: Default value. Do not change.

Local Withholding Status:

- *LWT Marital/Tax Status*: Default is N (non-applicable). Do not change.
- *Local Withholding Allowances*: Enter the number of allowances indicated on LINE 5 of WH-4. Allowances should match the State Tax Data record.

Local Additional Amount:

- *Additional Withholding Amount*: Enter the amount indicated on LINE 8 of WH-4. If no amount listed, confirm that field is blank or displays "0" dollars. Additional local withholding must also be entered on the 1/1/CY tax row before the system will withhold.
- *Percentage*: Does not apply. Do not enter. Verify field is blank.

Move to the **IU Fed Tax** tab and enter the date for each form you received and SAVE the record.



## **Step 5: W-9 Entry – Resident Alien (RA)**

Resident Aliens are not restricted in their withholding exemptions. If the tax area has entered the W-9, you will be able to verify that information in the “**Form W9 Recd:**” field below.

- “Yes” will be selected if the W-9 has been entered and the date will be displayed.
- You can use the normal tax entry instructions.
- Tax will leave the “non-res” status on the Federal tax tab but will change the State tax status to “None”

Income Code (for 1042-S):	Max Earnings Eligible Per Year:	Tax Rate (after form):	Tax Rate (before form):
Scholarship/Fellowship Grants	9999999.99		0.140000
Independent Personal Services	3000.00		0.300000
Independent Personal Services	9999999.99	0.300000	0.300000

## **Invalid Form Instructions:**

If the employee has submitted either form without meeting all the requirements, the form is invalid. Please contact the employee and request a new form using the following language.

- Thank you for submitting your W-4 or WH-4. Our records indicate that you have International Status and the U.S. Government limits what you may select for withholding. Unfortunately, the form you submitted was not completed correctly and was therefore, invalid. For more details on completing a valid tax form, contact [taxpayer@iu.edu](mailto:taxpayer@iu.edu). Please complete a new tax form and give it to your departmental payroll processor. More information can be found regarding Non-Resident Alien tax reporting at <http://irs.gov/pub/irs-pdf/n1392.pdf>
- Write the following on the top of the tax form and give it to Deb for scanning:
  - “Invalid – NRA”
  - “Employee Notified”
  - The date
  - Your initials

If the employee responds saying that he/she is either a resident alien or has been here long enough to be considered a U.S. person, please send the following message:

- Thank you for this information. Unfortunately, our current information indicates that you do not have resident alien tax status. Please submit an International Tax Questionnaire (ITQ), a copy of your I-94, and supporting documents that show your date range under this status so that we can update our records.

## Quick Entry Overview – NRA Entry Only:

- 1) Date stamp tax forms the day they are received in your office unless they were signed in CS.
- 2) Verify the forms are signed and valid. Lookup and add ID to document for entry. Sort forms by Monthly vs Biweekly to determine entry deadline.
- 3) Review Federal Tax Data and verify the tax data is ready for entry:
  - a. Main Menu>Payroll for North America >Employee Pay Data USA>Tax Information>Update Employee Tax Data. Enter ID, click 'include history', and click the search button.
  - b. New records should have a 01/01/CY row created.
  - c. If the Last Updated by is 'IU DEP', you need to wait until the following day to allow the system to create the 01/01/CY tax row.
  - d. Existing employees will have multiple history rows.
- 4) Compare the resident and employment locality information written on the WH-4 form to the locality information on the Local tax tab.
  - a. Change to correction mode if you need to correct Local tax data on 01/01/CY row. Modify information and save the record.
  - b. For existing employees, find the tax row BEFORE or equal to 01/01/CY. This is the row the system will use to determine local tax. If this row matches the locality information on the new tax form, you don't need to make a correction.
  - c. If the locality information is different, you can only use correction mode on the 01/01/CY row. If there isn't a 01/01/CY row, you will need to return to Fed Tax Data and insert one to make the corrections. See detailed instructions in Step 1.
  - d. If the employee specifies any additional local withholding, it must be entered on the 01/01/CY tax row to be withheld. It should also be entered on the current row you add today.
  - e. Save the tax row, return to the search screen, include history, and proceed to enter tax forms.
- 5) Return to Fed Tax Data and insert a new effective dated row. (if it already exists, add 1 day)
  - a. Special Withholding Tax Status: select "**Non-Resident Alien; Tax Treaty/NR Data**" radio button.
  - b. Verify marital status = S, withholding allowances = 0 or 1
  - c. Make any needed changes based on the new tax form.
  - d. Enter the treaty date information if not already there.
  - e. Continue to State Tax tab before saving the record.
- 6) Tab to State Tax Data
  - a. Special Tax Status: select "**Non-Resident Alien; Fed Rules**" radio button.
  - b. Verify withholding allowances = 0 or 1
  - c. Make any needed changes based on the new tax form.
  - d. Continue to Local Tax tab before saving the record.
- 7) Tab to Local Tax Data
  - a. Verify that Local Withholding Allowances match State allowances.
  - b. If the employee has a resident and employment locality, review both records.
  - c. Continue to IU Fed Tax tab before saving the record.
- 8) Tab to IU Fed Tax
  - a. Enter dates forms were received in payroll office for each appropriate form.
  - b. SAVE the record.