Payments to Researchers/Scholars Unaffiliated with Brown

Introduction
This policy states how to appropriately pay visiting researchers/scholars.

Researchers/scholars unaffiliated with Brown may receive funding for living expenses and research travel. This policy is intended to clarify when payments to researchers/scholars should be treated as gross income and when the payments are subject to tax withholding. It also clarifies when a researcher/scholar unaffiliated with Brown may receive a reimbursement for bona fide University business expenses that the individual incurred on Brown’s behalf.

This policy applies to all schools, departments, and source of funds.

Policy Statement
Researchers/scholars unaffiliated with Brown may be provided funding for living expenses and travel.

- A US Citizen or US Resident Alien will be provided with a fellowship payment.
- A visiting researcher/scholar traveling to the United States (US) on a visa (J1 or F1) for either their own research or to collaborate with a Brown University faculty member will be provided with a fellowship payment.
  - Per the Internal Revenue Service (IRS), a fellowship is an amount paid to or allowed for the benefit of an individual to aid in the pursuit of that individual’s own study or research. The term “fellowships” is used to refer to a variety of payments: stipends, personal grants, living allowances, and awards. Fellowship payments are generally gross income to the recipient. Fellowships are taxable income unless used for qualified educational expenses.
- A visiting researcher/scholar traveling to the US on a B1 visa or Visa Waiver (WB) may be paid honoraria for a presentation/guest speaking engagement and may be reimbursed travel expenses. B1 visa holders have a limit of 90 days in the US.
  - Per the US Customs and Immigration Service (USCIS), B1/WB visa holders may be paid an honoraria and travel expenses directly related to academic activities up to a period of nine days. If they are at Brown solely for research purposes, they are allowed to receive reimbursement for the length of their legal stay as long as they are here for their own research, there is no benefit whatsoever to the University, and they have receipts for all reimbursements. They may not receive a per diem or fellowship.
  - Per the USCIS, B2/WT may not receive any payment or reimbursement.
- A visiting researcher/scholar who intends to provide independent professional services or work for Brown must comply with different regulations. Contact the Director of Administrative Services and Outreach for further guidance.

The US Department of State issues travel visa’s for foreign national’s visiting the United States. A foreign national’s ability to be paid by Brown is directly related to the type of visa used to enter the United States.

Brown University must comply with both IRS and US Department of State requirements when issuing fellowship payments.

Payments to individuals unaffiliated with Brown University must be paid using a supplier invoice in Workday. Payments will be reviewed for tax withholding and reporting obligations. Payment may not
be an expense reimbursement, such as a per diem, or as an independent contractor using a professional service agreement (PSA).

Researchers/scholars unaffiliated with Brown who incur expenses that are strictly for Brown University’s benefit (ie. purchase of supplies or representing a Brown faculty member at a conference) may be reimbursed for those expenses as long as the purchase complies with Brown University’s business expenses policies.

Definitions

Unaffiliated with Brown: Individuals who are not employees, enrolled undergraduate, graduate, or medical students, and Brown University Post Doc Research Associates and Post Doc Research Fellows.

Fellowship Payment: A fellowship payment is money or other value (like plane tickets or other travel expenses) paid to or allowed on behalf of an individual to aid that individual in his or her personal scholarship. Fellowships include but are not limited to payments made to students, non-employee postdocs, teaching fellows, and visiting scholars.

Gross Income: Gross income to an individual is required to be reported on his or her personal income tax return. Every single time Brown transfers money or other value to someone, it is considered gross income to the recipient unless there is an applicable exclusion. For example, payments of business travel expenses are considered gross income unless the expenses meet the IRS Accountable Plan criteria as outlined in the University’s travel policy.

US Department of State/Visas: The US Department of State is the United States federal executive department responsible for the international relations of the United States. One of its functions is to issue travel visas to foreign nationals allowing them to travel to the United States. Many foreign nationals need a visa to enter the United States to visit, work, and live. Visas do have payment restrictions. Commonly used visas include:

B1 or WB Visa: Business travelers may enter the United States using a B1, or “Visitor for Business”, Visa.

B2 or WT Visa: Leisure/tourist travelers may enter the United States using a B2/WT or “Visitor for Pleasure” Visa. B2/WT visa holders may not work in the United States and may not receive payment or reimbursement.

J1 Professor, Research Scholar, and Student: The J1 non-immigrant visa enables foreign nationals to come to the US to teach, study, conduct research, or demonstrate special skills.

F1: An F1 visa is a nonimmigrant visa for individuals wishing to study in the US.

The Payment to Foreign Nationals at Brown Chart provides information on the types of payments permitted foreign nationals who enter the United States using these common visas.

Qualified /Non-qualified Educational Expenses: Fellowship income may be tax free or taxable, depending on how the fellowship is used.

- Fellowship used for qualified educational expenses are tax free. Qualified education expenses include: tuition and fees required to attend an eligible educational institution, and course related expenses such as books, supplies, and equipment. These items must be required to complete a course.
- Fellowship used for non-qualified educational expenses are taxable. Non-qualified educational expenses include: living allowances (room & board), travel, research, equipment and other expenses that are not required for enrollment in or attendance at an eligible educational institutions.
Business Expenses: A type of payment that is excluded from a recipient’s gross income. To qualify as a University business expense reimbursement, a payment must comply with the Brown Expense Reimbursement Policy and other related policies.

Independent Contractor: An independent Contractor provides professional and consulting services. The services are outlined in a contract (Professional Service Agreement – PSA) and the contractor is paid a fee for those services. Taxes are not withheld on payments to US Citizens/US Residents but the amount paid will be reported to the IRS on a Form 1099 if payments are $600 or more. Payments to foreign national independent contractors will have taxes withheld (30% federal, 5.99% state), unless treaty benefits apply, and payments will be reported to the IRS on Form 1042s.

Prizes: Amounts awarded in recognition of a past service or accomplishment, like earning the highest GPA or winning a competition. Prizes always represent gross income to the recipient and are reported to the IRS. US citizens/residents receiving a prize of $600 or more during a calendar year will receive a Form 1099. Nonresident aliens receiving a prize of any amount will receive a Form 1042s for nonresident aliens.

Tax Withholding and Reporting Obligation on Fellowships: Tax withholding and reporting requirements differ depending on the payment type and the recipient’s citizenship or resident status.

- US Citizens and Resident Aliens: A Resident Alien (also referred to as a lawful permanent resident) is an individual who (a) is not a US Citizen and (b) meets the green card test or substantial presence test (both tests are defined by the IRS). Tax will not be withheld from fellowship payments made to US citizens or individuals classified as resident aliens for US tax purposes; the University is not required to report fellowship income to the IRS or to the recipient. Fellowships are typically included as part of the recipient’s gross income, so it is important for US citizens and resident aliens to keep records and save the information they will need in order to self-report when preparing their personal tax returns.

- Foreign National (Nonresident Alien): An individual who is neither a US Citizen nor a resident alien. Fellowship payments made to foreign nationals (nonresident aliens) may be subject to US federal tax withholding and, if so, will be reported on a Form 1042s. The tax withholding rate is 14% federal and 3.75% state. The Form 1042s will be mailed in early February for amounts paid in the prior year. If the recipient’s country of residence has a tax treaty with the United States, the resident may be able to claim exemption from all or part of this withholding. To obtain a tax treaty exemption, the Foreign National must have a valid social security number or ITIN (individual tax identification number). Note: if the location of the activity for which the fellowship payment is being made is outside of the US, it is considered “foreign source income” and is not subject to US taxation for nonresident aliens.

Responsibilities
Foreign National researchers/scholars: The Foreign National researcher/scholar is responsible for
Completing the supplier registration form and for entering sufficient data in the Foreign National Information System (FNIS) so that Brown can accurately assess the foreign national’s tax status.

**Financial Coordinators**: Financial Coordinators initiate the supplier invoice in Workday. The Financial Coordinator attaches the Fellowship Payment for Individuals Unaffiliated with Brown form, letter of invitation to Brown (if available), and uses the *Fellowship for Visiting Researcher/Scholar* spend category.

**Cost Center Managers**: Reviews the supplier invoice created by the Financial Coordinator, ensures appropriate documentation is attached and the correct spend category was used, and affirms that the individual being paid is a visiting researcher/scholar receiving a fellowship.

**Tax Office**: The Tax Office reviews payments for foreign nationals, ensures payments are permitted by the scholar’s visa, and calculates and applies any tax withholding.

**Accounts Payable**: Accounts Payable reviews the supplier invoice and ensures the preceding steps are complete and then pays the supplier invoice.

**Procedures**

- Visiting researcher completes the supplier registration form which is located on the Purchasing Website.
  - If the visiting researcher is a foreign national, the researcher must access and enter required information, such as passport and visa information, into the Foreign National Information System (FNIS). Contact controller_payroll@brown.edu for access.
  - The foreign national visiting researcher will be required to supply supporting documentation for information entered into FNIS.
- Payment to the visiting researcher is initiated using the create supplier invoice business process.
  - Use the spend category *Fellowship to Visiting Researcher/Scholar (9665)*
  - Attach the *Payments to Researchers/Scholars Unaffiliated with Brown Form*
  - Attach the letter of invitation, if available.
  - Submit the supplier invoice for review and payment.

**Forms/Instructions**
- Payments to Visiting Researchers/Scholars Form
- Payment to Researchers/Scholars Unaffiliated with Brown Chart

**Payment to Foreign Nationals at Brown Chart**

**Frequently Asked Questions**

**Why can’t I pay this visitor a living allowance or stipend?**
Researchers/Scholars with a J1 or F1 visa visiting Brown University to pursue their research and who have been offered funding to defray their expenses will be provided with a fellowship payment. Fellowship payments may be used to off-set living expenses.

**Why can’t I request a per diem?**
Per Diem's are a method of expense reimbursement in Brown’s travel policy and is appropriate for employee travel. Fellowship payments are not employment related expenditure.

**Do I need to submit receipts?**
You do not need to submit receipts for a fellowship payment. Receipts are only required for expense reimbursement.

**Do I have to pay all travel and living allowances as a fellowship using this new spend category?**
category?
If your J1/F1 visitor is receiving a payment for his/her personal research then yes, the entire payment is a fellowship.

Are there time and amount limits imposed on this payment type?
No, fellowship payments are not subject to time limits and payment limits are dictated by budget decisions.

Must I pay this fellowship in a lump sum or may it be paid periodically (monthly)?
Fellowship payments may be paid in one lump sum or as periodic payments. If paying periodically, you must attach to the supplier invoice both the Payments to Researchers/Scholars Unaffiliated with Brown Form and the letter of invitation to each supplier invoice.

What do I state as a business purpose on the supplier invoice?
The business purpose clearly states the purpose of the payment. As an example: Professor Carberry is visiting Brown University for six months to pursue his research on cracked pots. We will provide him a fellowship to support his research while he is in residence.

Is the fellowship subject to taxation?
Fellowship payments to US Citizens/Residents are not reportable on Form 1099. However, they may be taxable. The fellowship recipient should consult IRS Publication 520- Scholarships and Fellowships, and IRS Publication 970 – Tax Benefits for Education.

Fellowship payments to foreign nationals are reportable on Form 1042s. If the foreign national fellowship recipient is the resident of a country with whom the United States has a tax treaty and also meets other criteria, the payment may not be taxed. Otherwise, fellowship payments are taxed at a Federal rate of 14% and RI rate of 3.75%.

Can I save the Payments to Researchers/Scholars Unaffiliated with Brown Form on my computer and reuse it?
Although you can certainly save a form onto your computer’s hard drive for easy access, a best practice is to save the link to the form as a bookmark/favorite and use the form directly from the website. This ensures you always use the most up-to-date form.

Can Fellowship payments be charged to a grant?
To determine whether or not a fellowship payment to a visitor can be charged to a grant, contact your Grant and Contract Administrator in the Office of Sponsored Projects.

My visitor is here on a B Visa. Can he/she receive a fellowship payment?
No. Visitors at Brown may not receive a fellowship payment. Visitors with a B1/Visa Waiver for Business may receive payments in very specific circumstances. Please refer to the Payment to Foreign Nationals at Brown Chart and review permissible payments to visitors who have a B1/WB. A B2/WT visa holder cannot receive any payment or reimbursement.

Why must the foreign national visitor enter immigration and tax status data into FNIS?
Brown University is required to comply with US tax and immigration law when making payments to foreign nationals. Data entered directly into the FNIS database by the foreign national visitor permits an accurate review of his/her immigration data and will automatically generate US tax forms, such as form 8233 and the W-8 Ben that the visitor needs to sign.

How will the visitor gain access to FNIS?
A representative from the department hosting the visitor should contact the Tax Office (controller_payroll@brown.edu) requesting access for the visitor. The Tax Office will send a link to the database to the visitor using the email address provided. An accompanying letter will explain the process to the visitor.
Does the visitor have to enter his/her travel data into FNIS each time payment is requested?
Foreign national visitors must enter specific data pertaining to their immigration and tax status into FNIS. This data needs to be entered and reviewed by the Tax Office prior to the visitor’s first payment. This data must be refreshed at the beginning of every calendar year. If payments to your visitor occur in two calendar years, your visitor must refresh his/her data at the start of the new calendar year.

Will I have to collect passport and visa documentation?
Foreign Nationals receiving a fellowship payment are required to provide information, such as copies of passports, passport stamps, visas, etc., to support data entered into FNIS. The Tax Office will request this information directly from the visitor however, if the visitor does not send the information we may request your assistance as the visitor cannot be paid until we receive the required documentation.

If the visitor is receiving an expense reimbursement only for travel, he/she will have to provide you with a copy of their visa and a signed copy of the Foreign Visitors Honoraria/Expense Reimbursement Attestation Form (form is required for B1/WB visa holders).

How can I find out what type of payment is permitted on a visa?
Please refer to the Payment to Foreign Nationals at Brown Chart for a summary of the types of payments permitted on visas frequently presented at Brown. If your visitor has a visa that is not listed, contact Controller_Payroll@brown.edu for assistance.

Related Policies:
Visitor Travel
Paying Foreign National Contractors and Guest Speakers
Travel Policy
Supplier Registration
Expense Reimbursement Policy
Business Purpose Policy

Policy Owner Approved by Vice President for Finance and Administration

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