



CENTRAL CAROLINA COMMUNITY COLLEGE POLICY & PROCEDURE MANUAL

Financial Services Section

Policy 6.3.10 - Foreign National Compliance

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I. DEFINITIONS

Foreign National - A person who was born outside the jurisdiction of the United States, is a citizen of a foreign country, and has not become a naturalized United States citizen under United States law. This includes legal permanent residents.

Nonresident Alien - A Foreign National who has not met the requirements to be considered a U.S. resident for tax purposes.

Resident Alien - A Foreign National who has met the requirements to be considered a U.S. resident for tax purposes.

II. TAX IMPLICATIONS

Section 1441 of the Internal Revenue Code provides a separate tax system with a different set of tax rules and regulations for individuals deemed to be Nonresident Aliens. Payments to Nonresident Aliens are subject to different tax withholding, reporting, and liability requirements.

A Nonresident Alien's income is subject to federal income tax only on income which is derived from sources within the United States and/or income that is effectively connected with a U.S. trade or business. Nonresident Aliens are taxed according to special rules contained in certain parts of the Internal Revenue Code.

A Resident Alien's income is subject to tax in the same manner as a U.S. citizen. This means that their worldwide income is subject to U.S. tax and must be reported on their U.S. tax return. Income of Resident Aliens is subject to the graduated tax rates that apply to U.S. citizens.

III. POLICY

The College is responsible for tax withholding and reporting on payments to Foreign National individuals and vendors in accordance with the IRS Code Regulations Section 1441 and policies established by the N.C. Office of the State Controller.

When the College identifies a Foreign National or vendor that will be compensated via payroll, accounts payable, or student services, the appropriate department shall maintain a copy of evidentiary and supporting documentation such as I-9, W-8 BEN, I-20, I-94, I-797, passport, or employment authorization card. The evidentiary and supporting documentation shall be provided to the appropriate department for evaluation purposes through the appropriate authorities or verification services. Payment will only be made after an evaluation has been completed and the appropriate taxable status for a Foreign National is determined. The College shall withhold federal and state taxes as appropriate for the Foreign National's taxable status.

REFERENCES

Statutory References	None
Regulatory References	<i>Office of State Controller's Policy and Procedures</i> "Section 600", "N.C. Community College Written Memorandum CC12-10" (2012)
Relevant Guidance	<i>N.C. Community College Accounting Procedures Manual and Reference Guide</i> (September 2025), N.C. Community College Foreign National Compliance Program
Policy Manual Cross-References	None

POLICY HISTORY

November 12, 2025	Adopted.
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