

Non-Employee Travel Expense Procedures

General

This document outlines procedures for reimbursing travel expenses to visitors or vendors (non-employees). It also defines the procedure for making a pre-payment of travel costs. The *Non-Employee Travel Reimbursement* form is used in place of the Accounts Payable Direct Payment (DP) Form to pay the non-employee and to pay a service provider (such as a hotel or travel agent) on behalf of the traveler. Separate forms exist to handle reimbursements to employees and students.

Eligibility for Payment

Any vendor or guest of the Institute requesting expense reimbursement must complete and submit a *Non-Employee Travel* form to the Travel Office. When making a payment of any kind, including reimbursements, New Mexico Tech is required to obtain all information necessary to determine whether the payment is:

- Legally permitted

See the Visa type table provided in this document to look up whether New Mexico Tech is allowed to reimburse a foreign individual for travel expenses.

- Subject to income tax withholding

Travel expenses that do not conform to New Mexico Tech's accountable plan are treated as income and subject to tax withholding at the time of reimbursement.

- Reportable to the Internal Revenue Service

Travel expenses reimbursed to foreign non-employees are reportable to the IRS when they are classified as 'income'. When a payment is reportable, a social-security number or a taxpayer identification number must be provided. If the individual does not have either number then one must be applied for before any payment can be made. See the Federal Compliance manager for questions on Tax ID's.

The Federal Compliance Office will review and approve the payment when the contractor/guest indicates on the *Non-Employee Travel Reimbursement* form they are not a United States citizen. A determination will be made on whether income tax shall be withheld from the reimbursement amount.

Completing the reimbursement form

Account Code

If all original receipts are attached (with the exception of mileage and per diem), use account code 710209 and submit via the Non-Employee Travel Reimbursement Form.

If original receipts are unavailable, the payment is treated as income and form 1099 will be issued at year-end.

If the payment is a flat fee for a service that includes travel, use object code 710401 and submit via Direct Payment. A vendor form is required. Form 1099 will be issued at year-end for payment for services.

Mileage & Per Diem

Mileage must include departure and destination locations. Per Diem must include dates and times of travel.

Traveler Statement

This section must be completed in all cases, regardless of whether payment is being made to the non-employee or a service provider (such as hotel or travel agent). If this section is not completed while the non-employee is on campus, a signed, faxed copy may be attached.

When multiple reimbursement forms are required for a single trip due to having multiple payee's – the signed traveler statement is only required on ONE of the reimbursement forms.

Travelers who are not U.S. citizens must provide the Federal Compliance Office with a copy of:

- permanent resident alien card (I-551) or,
- work authorization (I-766) or,
- immigration documents: VISA, passport, I-94 entry number, and I-20 or DS-2019

Pre-Payment of travel expenses

In most instances, pre-payment to any non-employee is prohibited by New Mexico Tech Regents' policy. However, if it is necessary to provide prepayment of airfare or lodging for guests to the Institute, the request must be submitted on the Non-Employee Travel Reimbursement Form along with prepayment approval from the Director of Finance. Approved prepayment will be made to the service provider (i.e. airline or travel agency), not the traveler or department.

Visa Types and Eligibility for Reimbursement

This table documents the type of visa held by the foreign traveler, whether travel expenses can be reimbursed, and the tax rate of payments which are classified as income. Most travel payments are classified as expense reimbursements – not income. The Federal Compliance Manager will determine taxability and withholding requirements for any travel expense payment to parties that are not US citizens.

| Visa Type | Immigration Status | Permissible Payments | Federal Income Tax Treatment | Federal Income Tax Withholding Rate (if no tax treaty) | FICA Tax Treatment |
|-------------|----------------------|---|---|---|----------------------------------|
| B-1 | Visitor for Business | Honorarium, Travel Expense Reimbursement | Honorarium is Taxable, or Treaty exempt | 30% | Exempt |
| B-2 | Visitor for Pleasure | Honorarium, if already in the U.S. (no travel) * | Taxable | 30% | Exempt |
| B-1/ B-2 | Visitor for Business | Honorarium, Travel Expenses (if B-1 option is utilized) | Honorarium is Taxable, or Treaty exempt | 30% | Exempt |
| F-1 | Student | Hourly student wages; Graduate assistant; Teaching Assistant; Salaried Student; Travel, Stipend, Scholarship/Fellowship | Taxable or Treaty Exempt | Wages/Stipend: Use tax tables, Scholarship/Travel /Fellowship rate is 14% | Exempt first five calendar years |
| F-2 | F-1 Spouse | NONE | N/A | N/A | N/A |

| Visa Type | Immigration Status | Permissible Payments | Federal Income Tax Treatment | Federal Income Tax Withholding Rate (if no tax treaty) | FICA Tax Treatment |
|------------------|--|--|---|---|----------------------------------|
| H-1B | Aliens in Specialty Occupations | Employee wages; Travel | Taxable or Treaty Exempt | Tax Rate Table | Taxable |
| H-4 | H-1 Spouse or Dependent | NONE | N/A | N/A | N/A |
| J-1 | Student | Hourly Student; Graduate Assistant; Research Assistant; Travel Reimbursement; Scholarship/Fellowship | Taxable or Treaty Exempt | Wages/Stipend: Use tax tables, Scholarship/Travel /Fellowship rate is 14% | Exempt first five calendar years |
| J-1 | Teacher Researcher Short-term Scholar | Teaching; Research; Honorarium with letter from Visa Sponsor; Travel | Taxable or Treaty Exempt | Tax Tables (graduated withholding rates) | Exempt first two calendar years |
| J-2 | J-1 Spouse | Employment with EAD card | Taxable | Tax Tables | Exempt first two calendar years |
| TN | Certain Mexican and Canadian Professionals | Temporary Employment; Travel | Taxable | Tax Tables | Taxable |
| WB | Business Visa Waiver | See B-1, above | Honorarium is Taxable, or Treaty exempt | 30% | Exempt |
| WT | Tourist Visa Waiver | Honorarium, if already visiting in the U.S. (no travel) * | Taxable | 30% | Exempt |

* Department can pay local hotel cost on a DP form. All other travel costs the department wishes to pay should be paid as the Honorarium payment and not reimbursed as a travel expense.