

San Francisco State University
University Executive Directive #01-23

Title: **Nonresident Alien Taxation Policy**

Effective Date: January 1, 2001

Authority: HR 2001-15 dated May 17, 2001

Approved by: Robert A. Corrigan, President Date: 6/18/01

Background

The most recent systemwide financial audit of the CSU found "significant absence of procedures and controls" and "deficiencies in complying with rules" governing Nonresident Alien Taxation (NRAT) and numerous other tax rules and regulations. Compliance with tax requirements has recently become an important issue for U. S. colleges and universities because of aggressive audits by the Internal Revenue Service which result in heavy penalties, fines, and back taxes.

The Chancellor's Office is committed to ensuring tax compliance throughout the CSU and has issued a Nonresident Alien Tax Manual which each campus is required to implement. In order to comply with provisions of the Internal Revenue Code, Treasury Department regulations, and the California Revenue and Taxation Code, each CSU campus and auxiliary organization is required to withhold taxes from payments made to (or on behalf of) nonresident aliens. Since this requires actions by many campus departments that initiate and process payment transactions, a central coordinating point is needed.

Policy

In order to ensure compliance with Federal and State requirements, all campus departments and auxiliary organizations are expected to comply with the campus Nonresident Alien Taxation (NRAT) program as established by the CSU Nonresident Alien Tax Manual, this policy, and the implementing procedures issued by campus administrative offices.

Assignment of Responsibility

Internal Audit will coordinate the NRAT compliance program, working with Human Resources, Accounts Payable, Procurement, Student Financial Aid, Office of International Programs, other transaction processing departments, and the auxiliary organizations to:

- develop policies, procedures, guidelines and forms;
- develop training materials and make presentations to all campus departments;
- maintain a NRAT Web site;
- ensure required reports and remittances are made to the Internal Revenue Service and the Franchise Tax Board;

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- research tax treaties and provide information to campus departments and nonresident alien individuals.

All campus departments and auxiliary organizations will implement the NRAT compliance program by becoming familiar with NRAT procedures, identifying nonresident aliens when hiring or initiating a payment to an individual, and obtaining and processing required forms.