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## PayDay

**Employers who hire Hispanic workers must identify which workers are "non-resident aliens", since special payroll tax withholding tables apply to non-resident alien employees.**

### **WHO IS A NON-RESIDENT ALIEN?**

IRS publications 515 and 519, available for download from the IRS website, provides substantial information about defining and identifying non-resident aliens, as well as the special payroll tax withholdings applicable to non-resident aliens. As a general rule, non-resident aliens are non-U.S. Citizens who legally work in the U.S. but do not reside here on a permanent basis, according to U.S. immigration laws.

### **SPECIAL W-4 REPORTING**

A non-resident alien can only claim "Single" filing status on his/her W-4 withholding form, and should also write-in "NRA" above the dotted line on Form W-4, line 6. A correctly completed W-4 form then serves as the basis for special Federal income tax withholding rules on non-resident aliens.

### **WITHHOLDING FROM NON-RESIDENT ALIENS**

Once an employer identifies that a non-resident alien works for them, the employer must withhold Federal income tax from a non-resident aliens' gross wages by adding an "income amount" to the actual gross wages and therefore withholding Federal income tax "as if" the non-resident alien had higher gross wages than actual wages. This "income amount" is used solely for calculating Federal income tax and is not reported anywhere.

The purpose of the special withholding rules for non-resident aliens is to ensure that the employer collects sufficient tax in case the non-resident alien employee returns to his/her home.

### **ACCUPAY'S PAYROLL TABLES**

Our software calculates correct Federal income tax withholdings on employees we " earmark " as non-resident aliens. **Clients of AccuPay need to provide us with properly completed W-4 forms for employees who are identified as non-resident aliens.**

**For further information about this or other PayDay topics, call an AccuPay CPP/CPA services team at 885-7600. We have also archived dozens of PayDays on our website at [www.accupay.com](http://www.accupay.com). Simply "click on" the PayDay Emails link on our homepage.**

*PayDay is an email communication of payroll news, legal updates and tax considerations intended to inform clients and colleagues of AccuPay about current payroll issues and planning techniques. You should consult with your CPA or tax advisor before implementing any ideas, comments or planning techniques.*

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