

### Tax Treatment of Income Paid to Aliens PCG-NRA

The Division of Accounting (DOA) Payroll Compliance Group (PCG) reviews the tax status of alien workers including teachers and professors employed by the State of Delaware. Based upon the varied facts and circumstances for individual employees and the applicable code, PCG will ensure proper tax set up for employees in compliance with IRS regulations.

1. Upon hiring an alien, the Organization must notify the Payroll Compliance Group of the hire.
2. The Organization will submit the *Organization Nonresident/Resident Checklist* along with supporting documentation to PCG.
  - a. If the employee is claiming tax treaty status and has submitted an 8823 form, PCG will send the appropriate supporting statement to the Organization for the employee's signature.
  - b. PCG will submit the forms to the IRS as required.
3. PCG will review the documentation and determine the proper tax classification for the employee.
4. PCG will complete the data entry in PHRST of the Employee Tax Data.
5. If appropriate, PCG will instruct the Organization of the proper earnings codes or time reporting codes to be used for payment of wages.
6. Annually, PCG will request supporting documentation to determine proper tax set-up for the next calendar year.

#### **SUPPORTING DOCUMENTS:**

*Organization Nonresident/Resident Checklist*

<https://accountingfiles.delaware.gov/docs/Organization-NRA-Checklist-Fillable.pdf>

*Nonresident Intake and Information Form*

[https://accountingfiles.delaware.gov/docs/Nonresident Intake and Information Form.pdf](https://accountingfiles.delaware.gov/docs/Nonresident_Intake_and_Information_Form.pdf)

*PHRST HRU-JOB-28 Procedure*, located on the PHRST website

<https://extranet.phrst.state.de.us/production/procedures/HRU-JOB-28.pdf?ver=1013>