

Department of Administrative Services - State Accounting Enterprise

Section	Procedure Number	Page Number	Effective Date
PRE-AUDIT	240.400	1 of 1	July 1, 2003 Revised 6/1/04
Subject	MISCELLANEOUS NON-RESIDENT ALIENS WORKING IN THE U.S.		

1. A nonresident alien's wages earned from sources within the U.S. are subject to withholding at various rates, depending on where they are from and what job is being performed in the United States. Any departments who have nonresident aliens performing services for them should be familiar with the IRS regulations governing their particular instances.
2. Generally, nonresident aliens performing services for the State are subject to a 30% withholding tax.
3. Any department doing business with a nonresident alien must submit two General Accounting Expenditures (GAX) to the Department of Administrative Services - State Accounting Enterprise - Daily Processing (DAS-SAE) when payment is due to the nonresident alien. One GAX should be made payable to the nonresident alien. The second GAX, for the proper amount of withholding tax, should be made payable to the Internal Revenue Service. The GAX's must contain the same information as is required for all other GAX's submitted to the DAS-SAE and should be cross-referenced to each other.
4. Both warrants will be returned to the requesting department. The appropriate warrant should be forwarded to the nonresident alien. The other warrant should be forwarded to the DAS-SAE-Centralized Payroll, who is responsible for submitting the proper taxes to the IRS. Departments may attach a note to the document requesting SAE-Daily Processing to deliver the warrant made payable to the IRS directly to DAS-SAE-Centralized Payroll.
5. DAS-SAE-Centralized Payroll will submit IRS Form 1042 to the IRS by the 15th of each month in which the nonresident alien was paid for services provided to the State of Iowa.
6. At the end of the calendar year, the DAS-SAE-Centralized Payroll will submit IRS Form 1042-S to the IRS.
7. Questions regarding this procedure should be directed to DAS-SAE-Centralized Payroll 281-8120.