

MEMORANDUM

TO: Personal Specialist

FROM: Julie K. Henton  
Assistant Director

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RE: New Withholding Requirements for Nonresidents for 2006

Under Internal Revenue Service (IRS) Notice 2005-76 new rules for determining the amount of income tax employers must withhold from wages paid for services performed by nonresident alien employees (except for students from India) within the United States are to be implemented for wages paid on or after January 1, 2006. In addition, new requirements for completing Form W-4, Employee's Withholding Allowance Certificate will also be implemented. As of January 1, 2006 nonresidents are no longer required to withhold the additional \$15.30 from their paychecks. Listed below are the general guidelines for completing Form W-4. For more complete information on non resident employment please refer to <http://www.k-state.edu/hr/alien.html>.

General W-4 Guidelines for Non residents

**Line 3** "Single" marital status should be checked (regardless of actual marital status)

**Line 5** Claim only **one (1)** withholding allowance, unless a resident of Canada, Mexico or South Korea. (See below)

**Canada or Mexico**

Non residents are allowed same personal exemption as U.S. citizens

**South Korea**

Non residents are allowed personal exemptions for themselves, their spouses, and children who live in the U.S. at any time during the tax year.

**Line 6** Write "Nonresident Alien" or "NRA" above the dotted line on line 6 of the Form W-4

**Line 7** Needs to remain blank. Do not claim "Exempt".

Enclosed is a list, if applicable, of those individuals that need to complete a new Form W-4 for calendar year 2006. Enclosed is a cover letter, as well as a partially completed W-4, for you to make copies and distribute to the appropriate non resident employee. Have the employee complete Boxes 1 and 2 of Form W-4, sign and date the form and return to Division of Human Resources as soon as possible. If a new W-4 is not returned taxes will continue to be withheld based on the current W-4 that is on file.

Treaty eligible employees have already been sent new W-4's to complete. Please refer to the November 15, 2005 memo <http://www.k-state.edu/hr/news/hrmem.htm>. For those individuals who we anticipate may meet the substantial presence test for 2006 a separate letter will be forwarded to them.

Enclosures