



Memo

To: Pastors and business managers

From: Holly Orsagh, director of Financial Services, RCAA
Allegra Davis, internal audit manager, RCAA

Date: March 16, 2026

Re: Guidelines for payments to non-resident aliens

The Internal Audit Department has developed new financial guidelines to assist parishes, missions and schools within the archdiocese as you consider the possibility of bringing in speakers who are not U.S. citizens or residents.

These guidelines are important because honorariums paid to non-resident aliens for U.S.-based services are subject to U.S. income tax withholding. It is recommended that you review the guidelines ahead of time and contact the Office of Finance with questions to ensure compliance.

The guidelines are now live on the internal audit [website](#) for immediate access.

Additional questions should be directed to Allegra Davis at adavis@archatl.com.



Payments to Non-resident Aliens for Services March 2026

This document provides guidance regarding payments made to individuals who are not citizens or residents of the United States, termed non-resident aliens by the IRS and perform services at an archdiocesan entity (parish, mission, school, campus center, chancery, etc.). According to U.S. tax laws, payments (honorariums) made to non-resident aliens for services performed in the United States are subject to U.S. income tax. The document will address residency status of non-resident aliens (Section #1), compensation (Section #2), taxes on the compensation (Section #3) and other considerations (Section #4). Section #5 documents the process for payments to visiting international priests or deacons.

As an alternative to providing an honorarium, an archdiocesan entity could cover all travel-related expenses and send an offering to the foreigner's home church or employer.

Consider contacting your tax advisor for questions regarding payments to non-resident aliens.

Section #1: Residency Status - Non-resident Aliens

A non-resident alien is an individual who is not a U.S. citizen and does not pass the green card test or the substantial presence test for tax purposes. Refer to <https://www.irs.gov/individuals/international-taxpayers/foreign-persons> for the definition of these tests. Most non-resident aliens will need to obtain a visa to enter the USA. The following steps should be taken prior to agreeing to allow the individual to provide services in the archdiocese.

A) **Identify the Appropriate Visa:** Confirm that the non-resident alien has the correct visa for the activity they will be performing. Common visas include B-1 (Business Visitor), R1 Visa (clergy) and Visa Waiver Program (VWP) for short-term engagements.

The Visa Waiver Program (VWP) allows non-resident aliens of certain countries to travel to the United States for business or tourism for stays of up to 90 days without a visa. See <https://www.dhs.gov/visa-waiver-program-requirements> for information and the list of eligible countries.



- B) **Verify Visa Conditions:** Ensure that the visa conditions allow for honorarium payments. Some visas have specific limitations on receiving compensation. Refer to the U.S. Citizenship and Immigration Services website www.USCIS.gov for conditions.

Section #2: Compensation

The non-resident alien must first be in the United States under an immigration status that permits him or her to offer a service that warrants a payment. See Section #1. Compensation for services refers to income earned by an individual who is not an employee but provides services independently. This type of income typically comes from a business, trade or profession where the individual operates as a sole proprietor or an independent contractor. Honorarium is the term usually used for paying a foreign individual for services such as presentations, guest lectures or events.

Steps to complete:

- A) **Create a Written Agreement:** Draft a formal agreement detailing the terms of the engagement, including the honorarium amount, reimbursement of expenses and any other relevant conditions.
- B) **Require an IRS Form W-8BEN:** Prior to engagement, provide the independent contractor with IRS Form W-8BEN for completion, or request a completed copy before processing payment. For foreign payees (non-resident aliens), Form W-8BEN is required to certify their country of residence for U.S. tax purposes. The completed form provides the archdiocesan entity with the individual's legal name and address and identifies any applicable exemptions.
- C) **Make a Payment:** If the individual cannot accept a check, the payment should be wired through Bill.com or the Chancery if the individual is from a country that is not supported by Bill.com. Paying cash for services is not recommended. NOTE: Refer to Section #3 to determine if withholding is required.

Section #3: Taxes on the compensation

The taxability of the compensation received depends on whether the foreign individual's country of residency has a tax treaty with the United States.

Steps to complete:

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- A) **Check Tax Treaties:** Review any tax treaties between the U.S. and the foreign individual's home country to determine if there are provisions that reduce or eliminate U.S. taxes on the payment. The United States has tax treaties with several foreign countries. Under these treaties, residents (not necessarily citizens) of foreign countries are taxed at a reduced rate or are exempt from U.S. taxes on certain items of income they receive from sources within the United States. These reduced rates and exemptions vary among countries and specific items of income.

IRS Publication 901 lists all the countries with tax treaties with the United States and the terms. Confirm if a country is present or absent from the IRS treaty list at <https://www.irs.gov/forms-pubs/about-publication-901>

- B) **Complete IRS Form 8233:** If the foreign individual's country of residence does have a tax treaty, instruct the individual to complete IRS Form 8233, "Exemption From Withholding on Compensation for Independent (and Certain Dependent) Personal Services of a Non-resident Alien Individual." This form requires a US Tax Identification Number (TIN) and is used by non-resident aliens to claim exemption from withholding on compensation for services and to claim benefits under an income tax treaty between the United States and the individual's country of residence. See <https://www.irs.gov/forms-pubs/about-form-8233>

- C) **Withhold federal income tax:** If there is no treaty between the foreign individual's country and the United States or if the treaty does not cover a particular type of income, the individual must pay tax on the compensation. The archdiocesan entity, as the payor, must withhold the required amount of federal income tax from the honorarium payment. For most types of income, including independent personal services, the default withholding rate is 30 percent. This is a fixed rate unless a tax treaty specifies otherwise.

- D) **Complete IRS Form 1042-S:** The archdiocesan entity, as the payor, is responsible for reporting the honorarium payment made and withholding on Form 1042-S, "Foreign Person's U.S. Source Income Subject to Withholding." This form must be filed with the IRS and provided to the foreign payee even if no amount was withheld, generally by March 15 of the subsequent year. For the recipient, this form is important as it helps them



understand their U.S. tax liability and supports the filing of their U.S. tax return, if necessary.

IRS Publication 515 provides guidance on withholding of tax on non-resident aliens. See <https://www.irs.gov/publications/p515>

- E) **Withhold Georgia income tax:** Non-resident aliens are subject to Georgia income tax on income earned from services performed within the state. The taxation is in line with federal tax rules. Refer to the Georgia Employers Tax Guide for assistance, <https://dor.georgia.gov/employers-tax-guide> and <https://dor.georgia.gov/filing-residents-nonresidents-and-part-year-residents-faq>.

Section #4: Other Considerations

A) Communicate Clearly

- a) **Explain the Process:** Prior to the engagement, inform the foreign individual about the payment process, including any tax withholding and reporting requirements.
- b) **Provide Support:** Offer assistance in completing necessary forms and understanding their tax obligations.

B) The non-resident alien may need to file a U.S. tax return (Form 1040-NR) to report the income and claim any refunds if too much tax was withheld or if tax was not fully paid through withholding.

C) Clearly distinguish between the honorarium payment and reimbursable expenses (e.g., travel, accommodation). Reimbursements paid to a U.S. non-resident alien for expenses incurred are generally not taxable if they are made under an accountable plan. To be considered as made under an accountable plan, the reimbursements must meet the following criteria:

- a) **Business Connection:** The expenses must relate to the individual's performance of services.
- b) **Substantiation:** Receipts are required for all reimbursable expenses to maintain proper records and avoid any tax complications.
- c) **Returning Excess Amounts:** Any advance payments that exceed the substantiated expenses must be returned to the payor within a reasonable time.



If these conditions are met, the reimbursements are excluded from the non-resident alien's income and are not reported on Form 1042-S.

D) Retain Documentation: Keep copies of all correspondence, agreements, visa documents and tax forms.

E) Payment Processing:

- a) **Verify Banking Details:** Ensure accurate and complete banking information for international payments to avoid delays and risk of fraud. If banking details for a wire are provided electronically, verbally confirm accounts prior to making transaction.
- b) **Currency Considerations:** Decide whether the payment will be made in U.S. dollars or the non-resident alien's local currency. Be aware of any potential currency conversion fees.

F) Consult Legal and Tax Professionals

- a) **Seek Expert Advice:** Consult with immigration lawyers and international tax advisors to ensure compliance with all relevant laws and regulations.
- B) **Stay Updated:** Keep abreast of changes in immigration and tax laws that might affect payments to non-resident alien.

By following these best practices, you can ensure that the process of paying a non-resident alien is compliant, efficient and transparent.

Section #5: The process for payments to visiting foreign priests or deacons

FROM: Most Reverend Gregory J. Hartmayer OFM, Conv., archbishop of Atlanta; Deacon Dennis J. Dorner, chancellor, director of Permanent Diaconate

DATE: August 22, 2022

Notes regarding payments to visiting international priests who DO NOT have an R-1 Visa:

For members of a religious order, a check may be made payable to the order. For a diocesan priest, a check made be payable to his diocese. In either case, without an R-1 Visa, payments cannot be made directly to the visiting priest. Payments should be coded as a gift to either the religious



order or the diocese. It is highly recommended that the payor keeps copies of the visa and the check for audit purposes.

For visiting **priests**, please contact **Lana Forbes at 404-920-7307 or e-mail lforbes@archatl.com** or **kowens@archatl.com** immediately upon extending an invitation to a visiting priest or deacon, as the background reporting process takes as long as eight (8) weeks. Communication with the visiting clergy member and follow through with the requisite paperwork will be conducted by the Office of the Chancellor, culminating in the issuance of the letter granting faculties; and for visiting **deacons**, please contact **Kath Owens at 404-920-7328 or e-mail kowens@archatl.com**.

These policies are in place to protect God's faithful and those of us who have been entrusted with the responsibility of ministry. It is of utmost importance that these policies be followed, and your endorsement and cooperation are most appreciated. Please do not hesitate to contact us if you have any questions regarding these procedures.

Thank you.