Grant proposals which involve foreign nationals traveling to Virginia Tech should include a summary of proposed activities, associated expenses for travel, per diem, lodging, incidental expenses and expected visa status. Tax related questions or issues should be directed to the International Tax Specialist in the Controller’s Office. Documentation for sponsorship of foreign nationals coming to Virginia Tech should be coordinated with International Support Services. Following is some additional guidance related to payment categorization and taxes.

Under US tax law, all expenses paid to or on behalf of an individual are subject to US Federal income taxes. The tax rate will depend on the visa status under which the nonresident enters the US. A reduced tax rate of 14% can be applied to taxable payments made to those in J and F status. The tax rate for all other visa holders is 30%.

Travel expenses paid by Virginia Tech, to or on behalf of foreign nationals who are not employees or independent contractors, but "students" in the sense that they are primarily receiving educational benefits as opposed to providing services to VT are handled differently than typical travel reimbursements. In this situation, the proper characterization of the travel expense is to classify the payment as scholarship. The 14% withholding for a J-1 visa holder applies in this situation.