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Participant Taxes

All J-1 visa holders assisted with funds from U.S. sources including USAID are subject to the Internal Revenue Service (IRS) requirement to file U.S. tax returns, whether or not tax payments are due.

Sponsoring Units or implementers must ensure that

- a. A tax-related Individual Taxpayer Identification Number (ITIN) is obtained for each U.S. participant using the BCIS W-7 request form, and a copy is retained in the participant's files or in a central Mission file;
- b. A Statement of Expenditures (detailing training-related expenditures paid from U.S. sources on behalf of the participant) accompanies each income tax filing on behalf of a participant; and
- c. USAID Sponsoring Units fund all Federal, state, or local taxes on sponsored participants' U.S. source income resulting from the official USAID-funded training program as designed by a Sponsoring Unit.

USAID holds its implementers and their participants responsible for all aspects of income tax compliance in accordance with all applicable Federal, state, and local statutes and regulations.

Income tax payment exclusions are as follows:

- a. Tax, penalties, or interest associated with an implementer's failure to comply with Federal, state, or local statutes and regulations governing the timely reporting, withholding, payment of withholding tax on amounts of a participant's U.S. source income or a participant's home country tax liability;
- b. Tax, penalties, or interest for any period of time when participants are in Non-Returnee status;
- c. Tax, penalties, or interest on any sponsored participants' incomes received from sources outside the United States;
- d. Tax, penalties, or interest on any sponsored participants' income received from non-USAID sources, except from approved assistantships, approved paid internships, and approved on-the-job training; and

- e. Tax, penalties, or interest for participants who return to the U.S. after completion of their USAID-sponsored training and incur retroactive tax liabilities for the time spent under USAID sponsorship.

The procedures concerning participant taxes are contained in the [Internal Revenue Code, 1986](#) and the mandatory reference, [Detailed Guide for Training Results](#).

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