

U.S. or Non-U.S. Source Income

For tax purposes, nonresident aliens, unlike U.S. citizens and resident aliens are only subject to tax on income that is considered “U.S. source” by the IRS.

- Income is generally considered “U.S. source” if the location of the activity for which the payment is being made is in the U.S. This is the rule for compensation paid for services performed in the United States and royalties for intellectual property being used in the United States.
- For scholarship/fellowship/grant payments, prizes, and awards, the residence of the Payer determines the source, except that when such payments relate to activities conducted outside of the United States they are deemed “foreign source.” Income received by a nonresident alien who is deemed “foreign sourced” will not be subject to U.S. tax.
- Payments made by Harvard for royalties, copyrights, or permission fees are generally considered U.S. source income.

Type of Income:	Source Determined by:
Pay for Personal Services	Where services are performed
Scholarships and Fellowship Grants	Generally, residence of payer
Rents	Where property is located
Royalties – Patents, Copyrights, etc.	Where property is used
Pensions due to personal services performed	Where services were performed while a nonresident alien