



The American-Scandinavian Foundation @ Scandinavia House 58 Park Avenue | New York | NY 10016

INFORMATION FOR THE HOST FIRM
Exchange Visitor Program for Interns: Scandinavia to the U.S.

The American-Scandinavian Foundation (ASF), a nonprofit organization, is dedicated to advancing cultural and educational exchange between the United States and the five Nordic countries. We welcome the opportunity to acquaint you with our Internship Program. As the student's visa sponsor, ASF is responsible to government authorities for assuring the propriety of the internship. We are here to provide support services for you and your student intern, and this sheet offers guidance on issues relevant to you as a prospective host firm. You may want to provide copies of this sheet to staff in personnel and payroll departments, as it contains important information related to tax withholding, etc.

EXCHANGE VISITOR PROGRAM: Designated by the U.S. Government in the late 1940s, the Foundation's Exchange Visitor Program enables Scandinavian interns to receive a practical on-the-job learning experience in the U.S. The position may be paid; that is allowed. Participants are either Scandinavian students enrolled in post-secondary institutions outside the U.S. or recent graduates from these institutions whose program begin no more than twelve months from the date of graduation. The internship in the U.S. must relate to their studies back home. The maximum duration for the internship is twelve months after which the intern is expected to return home.

VISAS: Scandinavian interns accepted into ASF's program will obtain an Exchange Visitor (J-1) Visa which allows them to enter the U.S. to undertake their internship. They may also receive income from their American host firm.

INCOME or FUNDING: The intern must provide confirmation of funding from all sources and it must be sufficient to meet the expenses connected with the stay in the U.S. prior to the issuance of the visa documents with which the intern will apply for the J visa at the US Embassy. Costs will vary by geographic region and we rely on the host firm to help determine the appropriate level of funding needed.

Some students undertake unpaid internships. In those cases, ASF requires that the student provide verification that s/he will have the necessary funds to meet expenses during the internship.

HOUSING/LOCAL ORIENTATION: While the interns are self-sufficient and energetic young people, we, as well as they, appreciate any help extended with their arrangements, such as housing, hospitality, or local transportation. Many interns would enjoy the opportunity to live with an American family and are very willing to reimburse the host family for their room and board.

INSURANCE: All ASF interns are covered during their exchange program in the U.S. by a sickness and accident insurance program. Either they are enrolled in the group plan underwritten for ASF program participants or by a plan offering similar benefits which meet U.S. Government requirements. A brochure describing the benefits of the ASF group accident and illness coverage can be provided upon request.

Interns must be enrolled in any state-mandated worker's compensation program.

EMPLOYMENT ELIGIBILITY VERIFICATION: FORM I-9 As you would with any new employee, you and your intern will need to complete a Form I-9 for your records. You should ask to see the following documents and note the Form I-9 accordingly:

To establish identity (List A on the Form I-9): Intern's passport -- vital statistics page **and**

Form I-94 -- a white card stapled into the passport. It states immigration status (J-1) and authorized length of stay (D/S = Duration of Status).

To establish work eligibility (List C on the Form I-9):

Form DS-2019 -- Certificate of Eligibility for Exchange Visitor (J-1) Status, issued by ASF. **(over)**

SOCIAL SECURITY AND FEDERAL UNEMPLOYMENT TAXES: Because the interns have been admitted to the U.S. on an Exchange Visitor (J) visa under our program sponsorship for a temporary period of on-the-job learning, no Social Security, Medicare or Federal Unemployment taxes should be withheld or paid (Per IRS Code Section 3121 [b] [19]).

However, all interns who receive U.S. income must obtain a Social Security Number for tax purposes. They should apply for their Social Security Number at the local Social Security office three days after they send their arrival report to ASF and we activate their record in the Department of Homeland Security's Student and Exchange Visitor Information System (SEVIS). When applying, the intern should follow the instructions that ASF sends and take the relevant documents verifying their Exchange Visitor Program and the "To Whom It May Concern" letter which ASF sends to each intern on arrival.

INCOME TAXES: With the exception of certain interns from Norway or Iceland who meet tax treaty exemption criteria as described below, Federal and, where applicable, State and City, income taxes should be withheld if the intern's income amounts to more than \$3300 in calendar year 2006 which equals one personal exemption. Exchange Visitor Program participants may claim the personal exemption but are not able to claim the standard deduction.

When the intern completes the IRS W-4 Form: *Employee's Withholding Allowance Certificate*, s/he may claim one personal exemption. If the income will exceed \$3300, s/he in line 6 should enter an amount equal to \$7.60 times the number of weeks in each pay period. (For example, if employees are paid every two weeks, the intern would enter \$15.20 on line 6.) This additional amount corrects for the standard deduction built into the tables used by employers to calculate tax withholding.

Interns who have received income from a U.S. source will need to file an annual income tax return on Form 1040NR-EZ or Form 1040-NR next year. For this they will need a Form W-2. For further guidance, we refer to IRS Publication 515: "Withholding of Tax on Nonresident Aliens and Foreign Corporations."

Note: It is not appropriate to provide income to an Exchange Visitor intern as a U.S. independent contractor and the intern should not receive a Form 1099 for services.

Generally, if there is a State and/or City income tax, the State/City Tax Guidelines follow Federal Tax statutes. We suggest you consult your State Tax Office to verify income tax guidelines for non-resident aliens admitted to the U.S. on an Exchange Visitor (J) visa. (Note: Interns as non-resident aliens are exempt from city tax in New York City.)

Some interns from Iceland and Norway are exempt from U.S. income taxation if the following conditions are met:

*Citizens of **ICELAND** or **NORWAY** who are in the U.S. to obtain professional experience are exempt from income taxation on income from U.S. sources **of up to \$2000** each tax year (Iceland: Article 22[1] of the tax treaty; Norway: Article 16[1]).

*Citizens of **ICELAND** or **NORWAY** who are employees of a firm in their country and are in the U.S. for the primary purpose of acquiring technical, professional, or business experience are exempt from U.S. income taxation for a period of 12 consecutive months if they earn **no more than \$5000** (Article 22[2] of the U.S./Icelandic Tax Convention and Article 16(2) of the U.S./Norwegian Tax Convention)

If an Icelandic or Norwegian intern meets the requirements for income tax exemption you should not withhold income tax from his/her pay. Advise ASF that the treaty exemption applies and we will send the intern the forms to complete in duplicate, attesting to his/her tax exempt status. One of these statements should be kept for your records.

ASF ADMINISTRATIVE COSTS: Expenses connected with administering this program are met through a service fee. ASF charges a service fee of \$100 per month, with a minimum fee of \$400 for programs of up to four months. The fee is paid in advance or semi-annually. As a non-profit organization, we rely on this support to meet the costs of this valuable program.

EMERGENCIES/QUESTIONS: The Foundation stands ready to assist you with any questions or problems that develop during the internship. Please call or write to the Exchange Division, or send an email to: training@amscan.org