

Tax Basics for International Students & Scholars: Informational Session

International Center & CBA

Tuesday, February 11, 2020 – 11 am, Bierce 154

Tuesday, March 10, 2020 – 3:30 pm, Student Union 308

Disclaimer

The aim of this presentation is to provide you with a general understanding of tax principles as they apply to international students and scholars. It is for informational purposes only.

Each individual's situation is unique.

Each individual is responsible for their own tax compliance.

- With grateful thanks to Sprintax for permission to use parts of their presentation from the NAFSA Region VI conference, Nov. 2018.

Who must file taxes?

Everyone has some type of IRS filing obligation...

- International students/scholars are required to comply with all US laws, which includes tax laws
- Filing tax forms is part of maintaining visa status in US

Who must file taxes?

- Anyone who received taxable earnings or income of more than \$1 in 2019
- Anyone who received a taxable stipend, grant, or allowance in 2019
- **Anyone who had income in the USA between 1/1/19 and 12/31/19**
- Even if you had no income you must complete **Form 8843**. This is the form that declares your non-residence status (ie, confirms you are an international student or scholar)

Who must file taxes?

NON-RESIDENT SPOUSE/DEPENDENTS

- Cannot file jointly
- Must mail each return in a separate envelope

OBLIGATIONS

- Minimum is 8843
- 1040NR/EZ if applicable
- Non-resident can elect to file as a resident – if married to a tax resident

What is taxed?

- Everything over \$1 is taxed
- US source income:
 - Wages
 - Taxable stipend, grant, scholarship, award*
 - Royalties, other income, including investments

* this includes any room/board stipends you may have received even if they never appeared in your bank account

What is not taxed?

- Scholarship for tuition and related expenses
- Scholarship received from outside the US
- Money transferred from parents/relatives overseas
- Income ‘earned’ in their home country (investment income, rent, job before moving to US, etc.)
- Interest on regular savings account
- Gift of money from someone in the US* (depends on the amount)

Let's define some terms:

Withholding

- This is the amount of an employee's pay withheld by the employer and sent directly to the government as partial payment of income tax. This is often 30%.
- As a non resident, a 'withholding tax' may be applied to some or all payments made to you
 - 66 tax treaties from various countries are in place to reduce this or to exempt that income
- Opportunity to claim refund via year end tax return

FICA, and Exempt income

FICA:

- The tax that funds Social Security and Medicare under the Federal Insurance Contributions Act .
- Since international students and scholars are non-immigrants and are not going to take advantage of Social Security or Medicare they are exempt from FICA taxes in most situations.

EXEMPT INCOME:

- Income that is not taxed

Tax treaty

- A tax treaty is a bilateral agreement made by two countries to resolve issues involving double taxation of passive and active income.
- Tax treaties generally determine the amount of tax that a country can apply to a taxpayer's income, capital, estate, and wealth.
- <https://www.irs.gov/businesses/international-businesses/united-states-income-tax-treaties-a-to-z>
- <https://www.internationalstudent.com/tax/faqs/>

Resident or non-resident for tax purposes?

- *Generally*, most international students & scholars who are on F, or J visas are considered nonresident for tax purposes.
- International students on J1 & F1 visas are automatically considered nonresident for their first 5 calendar years in the US
 - Eg: If you arrived on Dec. 28, 2014: 2014 counts as one of the 5 years. You were then here in 2015, 2016, 2017 & 2018, so starting on Jan. 1 2019, you are a resident for tax purposes.
- Scholars/Researchers on J visas are automatically considered nonresidents for 2 out of the last 6 calendar years in the US

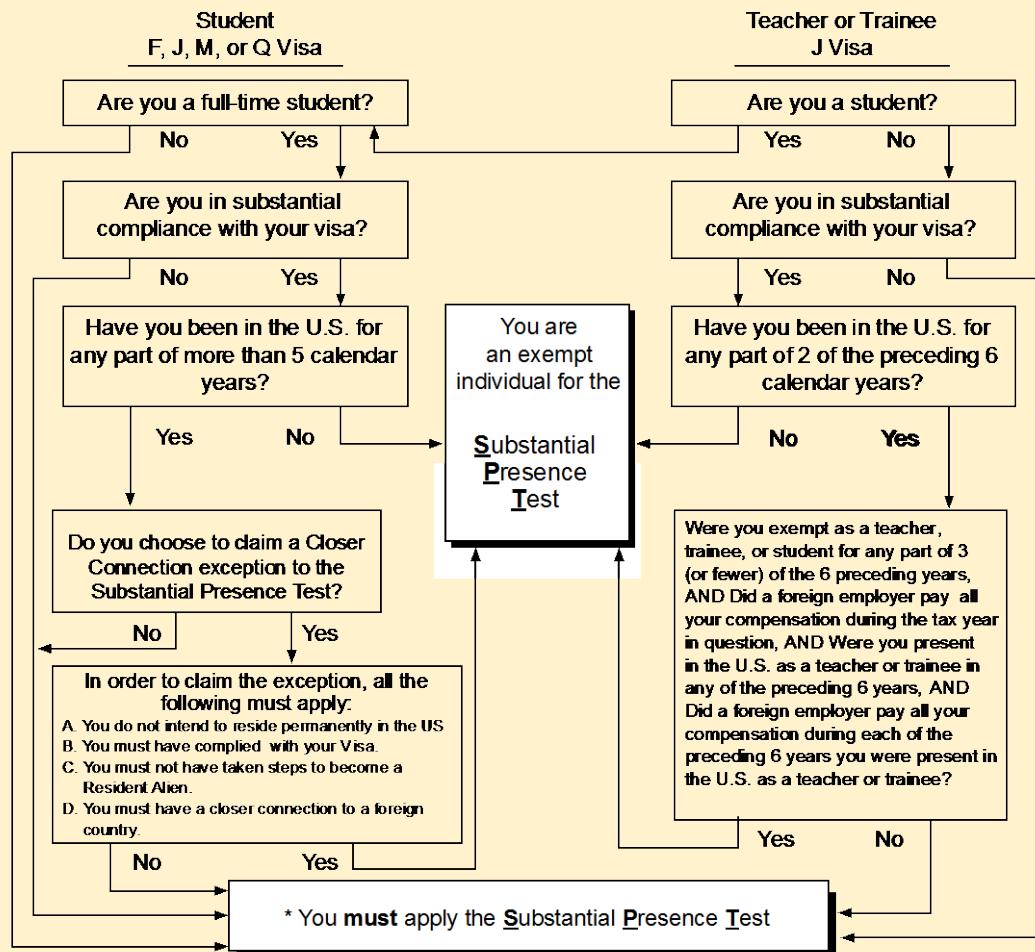
The Substantial Presence Test

- If you've been in the US for longer than the 5 or 2 year periods, the Substantial Presence Test will determine your tax residency:
 - Must have been physically present in the US for at least 31 days in the year for which the tax return is being filed
AND
 - The total of (number of days present in the tax year) + $(1/3)(\text{number of days in the year before the tax year}) + (1/6)(\text{number of days in the year two years before the tax year})$ must be at least 183.

Are you an exempt individual? – Decision Tree

Exempt Individual
Residency

If you are temporarily present in the United States on an F, J, M, or Q visa, use this chart to determine if you are an exempt individual for the Substantial Presence Test (SPT).



* Substantial Presence Test (SPT) You will be considered a U.S. resident for tax purposes if you meet the substantial presence test for calendar year 2019. To meet this test, you must be physically present in the United States on at least:

1. 31 days during 2019 and
2. 183 days during the 3-year period that includes 2019, 2018, and 2017, counting:
 - a. all the days you were present in 2019 and
 - b. 1/3 of the days you were present in 2018, and
 - c. 1/6 of the days you were present in 2017.

Common tax forms

1. Tax forms that students/scholars commonly receive
2. Tax forms that students/scholars commonly use to file taxes

Tax forms that student/scholars commonly receive

W2

- Employment earnings
- You will get a W2 from each employer
- Employer must mail your W2 to you by January 31 each year.
- Shows: your wages, salary, compensation

W2

22222	a Employee's social security number	OMB No. 1545-0008				
b Employer identification number (EIN)		1 Wages, tips, other compensation			2 Federal income tax withheld	
c Employer's name, address, and ZIP code		3 Social security wages			4 Social security tax withheld	
		5 Medicare wages and tips			6 Medicare tax withheld	
		7 Social security tips			8 Allocated tips	
d Control number		9			10 Dependent care benefits	
e Employee's first name and initial		Last name	Suff.	11 Nonqualified plans	12a	
				13 Statutory employee <input type="checkbox"/>	Retirement plan <input type="checkbox"/>	Third-party sick pay <input type="checkbox"/>
				14 Other	12b	
					12c	
					12d	
f Employee's address and ZIP code						
15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name

Form **W-2** Wage and Tax Statement
Copy 1—For State, City, or Local Tax Department

2020

Department of the Treasury—Internal Revenue Service

Tax forms that students/scholars commonly receive

1042S

- Employer must mail your 1042S to you by March 15, 2020
- Shows: scholarships and stipends, non-degree aid, prizes, awards, royalty payments
- Shows: tax treaty benefits

1042S

Form 1042-S		Foreign Person's U.S. Source Income Subject to Withholding		2020	OMB No. 1545-0096	
Department of the Treasury Internal Revenue Service		► Go to www.irs.gov/Form1042S for instructions and the latest information.			Copy A for Internal Revenue Service	
1 Income code	2 Gross income	3 Chapter indicator. Enter "3" or "4"	13e Recipient's U.S. TIN, if any	13f Ch. 3 status code		
		3a Exemption code	4a Exemption code	13g Ch. 4 status code		
		3b Tax rate	4b Tax rate	13h Recipient's GIIN	13i Recipient's foreign tax identification number, if any	13j LOB code
5 Withholding allowance		13k Recipient's account number				
6 Net income		13l Recipient's date of birth (YYYYMMDD)				
7a Federal tax withheld						
7b Check if federal tax withheld was not deposited with the IRS because escrow procedures were applied (see instructions) <input type="checkbox"/>		14a Primary Withholding Agent's Name (if applicable)				
7c Check if withholding occurred in subsequent year with respect to a partnership interest <input type="checkbox"/>		14b Primary Withholding Agent's EIN 15 Check if pro-rata basis reporting <input type="checkbox"/>				
8 Tax withheld by other agents						
9 Overwithheld tax repaid to recipient pursuant to adjustment procedures (see instructions) ()						
10 Total withholding credit (combine boxes 7a, 8, and 9)						
11 Tax paid by withholding agent (amounts not withheld) (see instructions)						
12a Withholding agent's EIN	12b Ch. 3 status code	12c Ch. 4 status code	15a Intermediary or flow-through entity's EIN, if any	15b Ch. 3 status code	15c Ch. 4 status code	
12d Withholding agent's name		15d Intermediary or flow-through entity's name				
12e Withholding agent's Global Intermediary Identification Number (GIIN)		15e Intermediary or flow-through entity's GIIN				
12f Country code	12g Foreign tax identification number, if any			15f Country code	15g Foreign tax identification number, if any	
12h Address (number and street)		15h Address (number and street)				
12i City or town, state or province, country, ZIP or foreign postal code		15i City or town, state or province, country, ZIP or foreign postal code				
13a Recipient's name		13b Recipient's country code	16a Payer's name	16b Payer's TIN		
13c Address (number and street)						
		16c Payer's GIIN	16d Ch. 3 status code	16e Ch. 4 status code		
		17a State income tax withheld	17b Payer's state tax no.	17c Name of state		

Tax forms that students/scholars commonly receive

1099 Series

- Rental income
- Investment income
- Other income, such as Bitcoin
- Independent contractor services

Tax forms that student/scholars commonly receive

1098 T

- This is a tuition statement and is mostly used to claim education tax credits
- According to Sprintax, this form is the most significant cause of misfiling for non-residents
 - IT IS NOT RELEVANT FOR NON-RESIDENTS.
Often, all students with a SSN on file will receive a 1098T (even non-residents) so it can cause confusion.

Tax forms that students/scholars commonly receive

1095-A, -B, or -C

- These are healthcare forms and are generally **not** relevant to international students and scholars
- In some situations you may use a 1095-A if you file as a resident for tax purposes
- 1095-B or -C are not needed by non-residents

Tax forms that students/scholars commonly use to file taxes

8843

- THE NAME ON THIS FORM IS MISLEADING – THIS IS THE MINIMUM YOU CAN FILE
- EVERY INTERNATIONAL STUDENT SHOULD FILE THIS FORM, EVEN IF YOU HAD NO INCOME
- This is the form that declares your non-residence status (ie, confirms you are an international student)

8843

Form 8843	Statement for Exempt Individuals and Individuals With a Medical Condition For use by alien individuals only. ► Go to www.irs.gov/Form8843 for the latest information.		
Department of the Treasury Internal Revenue Service	beginning	For the year January 1—December 31, 2019, or other tax year , 2019, and ending	OMB No. 1545-0074
Your first name and initial	Last name	Your U.S. taxpayer identification number, if any	Attachment Sequence No. 102
Fill in your addresses only if you are filing this form by itself and not with your tax return	Address in country of residence	Address in the United States	
Part I General Information			
1a Type of U.S. visa (for example, F, J, M, Q, etc.) and date you entered the United States ► _____ b Current nonimmigrant status. If your status has changed, also enter date of change and previous status. See instructions.			
2 Of what country or countries were you a citizen during the tax year? _____			
3a What country or countries issued you a passport? _____ b Enter your passport number(s) ► _____			
4a Enter the actual number of days you were present in the United States during: 2019 _____ 2018 _____ 2017 _____ b Enter the number of days in 2019 you claim you can exclude for purposes of the substantial presence test ► _____			
Part II Teachers and Trainees			
5 For teachers, enter the name, address, and telephone number of the academic institution where you taught in 2019 ► _____ _____			
6 For trainees, enter the name, address, and telephone number of the director of the academic or other specialized program you participated in during 2019 ► _____ _____			
7 Enter the type of U.S. visa (J or Q) you held during: ► 2013 _____ 2014 _____ 2015 _____ 2016 _____ 2017 _____ 2018 _____. If the type of visa you held during any of these years changed, attach a statement showing the new visa type and the date it was acquired.			
8 Were you present in the United States as a teacher, trainee, or student for any part of 2 of the 6 prior			

Tax forms that students/scholars commonly use to file

1040NR/EZ

- Everything over \$1 is taxed
- US source income:
 - Wages
 - Taxable stipend, grant, scholarship, award*
 - Royalties, other income

* this includes any room/board stipends you may have received

1040NR and 1040NR-EZ

<p>Form 1040-NR-EZ</p> <p>Department of the Treasury Internal Revenue Service</p> <p>Please print or type. See separate instructions.</p> <p>Attach Form(s) W-2 or 1042-S here. Also attach Form(s) 1099-R if tax was withheld.</p>	<p>U.S. Income Tax Return for Certain Nonresident Aliens With No Dependents</p> <p>► Go to www.irs.gov/Form1040NREZ for instructions and the latest information.</p>	<p>OMB No. 1545-0074</p> <p>2019</p>																						
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%;">Your first name and middle initial</td> <td style="width: 33%;">Last name</td> <td style="width: 34%;">Identifying number (see instructions)</td> </tr> <tr> <td colspan="3">Present home address (number, street, and apt. no., or rural route). If you have a P.O. box, see instructions.</td> </tr> <tr> <td colspan="3">City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below. See instructions.</td> </tr> <tr> <td>Foreign country name</td> <td>Foreign province/state/county</td> <td>Foreign postal code</td> </tr> </table>		Your first name and middle initial	Last name	Identifying number (see instructions)	Present home address (number, street, and apt. no., or rural route). If you have a P.O. box, see instructions.			City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below. See instructions.			Foreign country name	Foreign province/state/county	Foreign postal code											
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<p>Filing Status Check only one box.</p> <p>1 <input type="checkbox"/> Single nonresident alien 2 <input type="checkbox"/> Married nonresident alien</p>																								
<p>3 Wages, salaries, tips, etc. Attach Form(s) W-2</p> <p>4 Taxable refunds, credits, or offsets of state and local income taxes</p> <p>5 Scholarship and fellowship grants. Attach Form(s) 1042-S or required statement.</p> <p>6 Total income exempt by a treaty from page 2, Item J(1)(e)</p> <p>7 Add lines 3, 4, and 5</p> <p>8 Scholarship and fellowship grants excluded</p> <p>9 Student loan interest deduction</p> <p>10 Subtract the sum of line 8 and line 9 from line 7. This is your adjusted gross income</p> <p>11 Itemized deductions. See the instructions for limitation</p> <p>12 Reserved.</p> <p>13 Reserved.</p> <p>14 Taxable income. Subtract line 11 from line 10. If line 11 is more than line 10, enter -0-</p> <p>15 Tax. Find your tax in the tax table in the instructions</p> <p>16 Unreported social security and Medicare tax from Form: a <input type="checkbox"/> 4137 b <input type="checkbox"/> 8919</p> <p>17 Add lines 15 and 16. This is your total tax ►</p> <p>18a Federal income tax withheld from Form(s) W-2 and 1099-R</p> <p>b Federal income tax withheld from Form(s) 1042-S</p> <p>19 2019 estimated tax payments and amount applied from 2018 return</p> <p>20 Credit for amount paid with Form 1040-C</p> <p>21 Add lines 18a through 20. These are your total payments ►</p> <p>22 If line 21 is more than line 17, subtract line 17 from line 21. This is the amount you overpaid</p>		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%;">3</td> <td style="width: 33%;">4</td> <td style="width: 34%;">5</td> </tr> <tr> <td>6</td> <td>7</td> <td>8</td> </tr> <tr> <td>9</td> <td>10</td> <td>11</td> </tr> <tr> <td>12</td> <td>13</td> <td>14</td> </tr> <tr> <td>15</td> <td>16</td> <td>17</td> </tr> <tr> <td>18a</td> <td>18b</td> <td>19</td> </tr> <tr> <td>20</td> <td>21</td> <td>22</td> </tr> </table>		3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18a	18b	19	20	21	22
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How to file your taxes

- Tax Assistance Walk-in Workshops run by the College of Business Administration:
 - Saturdays from 9-5 in CBA room 106 (closed on the Saturday during spring break)
- Help sessions for Form 8843 ONLY
 - Thursday, February 20, 2020. 4 pm, Bierce 154
 - Tuesday, March 31, 2020. 4 pm, Bierce 154.

How to file your taxes

Online –

- **Sprintax** (the UA link and discounted price have been sent via email)

Note: if you use an online software you still need to print your return, sign it, attach required information and mail it by April 15th, 2020.

Make sure you keep copies!

How to file your taxes

- US friends may suggest online software for you to use. Examples include TurboTax, H&R Block, TaxSlayer...
- **International students CANNOT use these online programs as this software is not designed to meet the needs of non-resident filers**
 - If you are a “resident for tax purposes” you can use this software
- If you choose to go in person to a tax professional at a company make sure they understand you are an international student.

Documents needed to file your taxes

- Income documents (such as W2, 1042S etc)
- Passport
- Visa
- I-20 or DS-2019
- Dates you entered/exited the USA
 - <https://i94.cbp.dhs.gov/I94/#/home>
 - Click on “History of your arrivals and departures”
- Social Security number or ITIN

State and City taxes

- Yes, in Ohio you have to pay these too.
- Visit <http://Ohio.gov> and search for Income Taxes for State paperwork.
- You will pay city tax based on where you WORK.

Reminders:

- TAXES ARE DUE ON APRIL 15, 2020
 - This is not a flexible deadline. The envelope must be postmarked April 15 at the latest.
- If you know you'll be late you must file form 4868 by April 15th - so you HAVE to file something by April 15.
- Always keep copies of your tax return, W2, 1042S, 1099 and other forms, as proof that you have filed.
 - This includes Form 8843.

Getting a refund - timeline

- Your Federal refund should arrive somewhere between 4 weeks and 6 months after you filed your taxes.
 - If you move be sure to have the post office forward your mail to your new address
 - You can also change your address with the IRS. Use form 8822 (change of address) to notify them
- Contact the IRS to follow up or check online at Where's my refund? <https://www.irs.gov/refunds>

Did you miss a year?

- Don't panic, but do set the record straight
- If you never filed:
 - Catch up
 - You can “back file” at any stage, but
 - You can only claim a refund for the past 3 years
- If you misfiled:
 - Use form 1040X –the amended US individual income tax return

Tax scams

- Use caution and common sense
- The IRS will not ask for personal information
- The IRS will not call or email you. They will send you letters ONLY.
- If you receive something that says it's from the IRS but you are not sure, come to the International Center
- There are no instant payments through vouchers or gift cards.
- <https://www.uakron.edu/international/current-students/scam-prevention>

Don't forget!

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- Help sessions for Form 8843 ONLY
 - Thursday, February 20, 2020. 4 pm, Bierce 154
 - Tuesday, March 31, 2020. 4 pm, Bierce 154.
- Or file online using Sprintax or Glacier software.
- No matter which way you choose to prepare your taxes, don't forget to mail your return by April 15th, 2020