

WELLESLEY COLLEGE

SLATER INTERNATIONAL CENTER

U.S. TAX INFORMATION FOR INTERNATIONAL STUDENTS

This handout is produced for informational purposes only and should not be considered financial or legal advice. Please consult your own tax or financial advisor with any questions.

U.S. taxes are complicated and tax laws change frequently. The Slater International Center staff can provide you with basic information and guidance on tax issues, refer you to helpful Internal Revenue Service (IRS) publications and forms, and give you access to an online non-immigrant tax preparation product called GLACIER TAX PREP. (GLACIER TAX PREP can assist you with your federal tax preparation, but does not allow you to file your tax return electronically, nor does it assist with state tax preparation.)

This handout is designed to offer you some general guidelines including the following:

- Overview of U.S. taxes
- Definition of income
- Explanation of who must file tax forms
- Description of residency for tax purposes
- Identification numbers
- Glossary of tax forms & publications
- FAQs

OVERVIEW OF U.S. TAXES

In the United States, there are several different types of taxes: federal, state, and social security/medicare (FICA) taxes. The U.S. tax year runs from January 1st to December 31st, with a **filing deadline of April 15th**.

Federal Tax

Federal income taxes are prepaid by the employer(s) based on the estimate of liability provided by the employee on her **Form W-4** (completed by the employee at the time of hire). The taxes paid by the employer are then withheld from the employee's paychecks.

Tax Return

The process of "filing a tax return" allows you to reconcile the amount of taxes that you had withheld from your income during the year with the actual amount of taxes that you owe the U.S. government. Since withholding is only an estimate, employees are given this yearly opportunity to file a tax return with the IRS. In some cases, filing a tax return results in a refund from the IRS because the amount of money withheld was higher than necessary. However, sometimes filing a tax return results in a payment when there was not enough withheld and the individual must send a payment to the IRS with his/her tax return.

Federal tax forms should be mailed to:

Department of the Treasury
Internal Revenue Service Center
Austin, TX 73301-0215



State Tax

Individuals living in Massachusetts may need to file a state tax return if they received any U.S. income while living in the state. If you earned more than \$8,000, you must file a State Tax **Form 1-NR**.

State tax forms should be mailed to:

Massachusetts Department of Revenue
(P.O. Box 7000 for a refund)
or P.O. Box 7003 for a payment)
Boston, MA 02204

Social Security and Medicare Tax (FICA)

These taxes support U.S. retirees and the disabled. Non-Residents in F, J, M or Q status are exempt from these taxes while they are considered “non-residents” for tax purposes. If you have been in the U.S. for less than 5 years as an F-1 student you are probably a “non-resident” for tax purposes and exempt from social security taxes.

Types of Income

Non-residents, for tax purposes, are taxed only on their U.S. source income. With a few exceptions, this means that any income received from outside the U.S. is not considered taxable in the U.S. Residents, for tax purposes, are taxed by the U.S. on their income from anywhere in the world.

Sources of U.S. income may include financial aid, on-campus employment, practical or academic training, scholarships, fellowships, and any other compensation received for labor. “Income” is not limited to wages paid in cash, but also includes any portion of a scholarship, fellowship, or assistantship from a U.S. source that is applied to housing and meal expenses. The portion applied to tuition, fees, and books is not considered income. If scholarship money is provided directly to the student by check or cash, however, it is fully taxable even if the student intends to use it to pay for tuition, fees, and/or books.

Scholarships and Fellowships

Scholarship and fellowship payments made to international students are subject to a 14% federal tax withholding. Tax treaty provisions may allow an international student to claim exemption from federal taxes on teaching assistantships and fellowships. The IRS requires the College to report scholarship and fellowship payments to international students on a **Form 1042-S**. International students that receive a scholarship or fellowship are required to file a tax return using the information provided on **Form 1042-S**.

Prizes

Prizes made to non-resident aliens are subject to a 30% federal tax withholding. Tax treaty provisions may allow non-resident aliens to claim exemption from federal tax withholding on prizes. The IRS requires the college to report prize payments to non-resident aliens on **Form 1040NR** each calendar year using the information provided on the **Form 1042**.

Who Must File Tax Forms

- An international student who has been in the U.S. for **less than 5 years** as a student is required to file at least one tax form (**Form 8843, “Statement for Exempt Individuals and Individuals with a Medical Condition”**) even if the student had no U.S. source of income.
- An international student who **earned \$3,700 or more** must file a Federal Tax return (**Form 1040NR/EZ**) and may be eligible for a refund, or may owe additional taxes.
- An international student, who **earned less than \$3,700**, may still want to file a federal tax return to claim a refund.
- An international student who has been in the U.S. for **more than 5 years** will most likely be considered a “resident” for tax purposes and will need to complete resident tax forms.

Determining Your Residency for Tax Purposes

The IRS divides everyone into two categories for tax purposes – resident and non-resident:

- **Residents:** Are all U.S. citizens, Lawful Permanent Residents (“green card” holders), and non-resident aliens for immigration purposes who have met the Substantial Presence Test (see below).
- **Non-residents:** all others, regardless of immigration status.

The Substantial Presence Test (SPT) is how the IRS determines when non-resident aliens have been in the U.S. long enough to be considered residents for tax purposes. One must be present in the U.S. for a total of 183 days over a period of 3 years to pass the SPT and be considered a resident for tax purposes. However, individuals in F, J, M, or Q status do not count days during the time they are “exempt individuals”. The rules for “exempt individuals” are:

- F and J students and their dependents are “exempt individuals” for a period of **5 years** throughout their lifetime.
- During the time individuals in F and J status are “exempt individuals,” they will remain non-residents for tax purposes even though they are present in the U.S. for more than 183 days. Once they leave “exempt individual” status, days of presence will be counted and they may become a resident alien for tax purposes. The Substantial Presence Test is detailed more fully in **IRS Publication 519**. If you prepare your tax return with the GLACIER TAX PREP software, your residency status will be determined for you by answering a series of questions. “Residents” for tax purposes usually complete **Forms 1040 or 1040 EZ**. “Non-residents” for tax purposes usually complete Form **1040 NR or 1040 NR EZ**.

Tax Treaties

Tax treaties generally allow a non-resident to exclude a specified amount of U.S. source income from their U.S. tax return. This reduces the individual’s liability. To determine if some of your earnings are exempt from federal taxes, see **IRS Publication 901**. If you prepare your tax return with the GLACIER TAX PREP software your tax treaty eligibility and benefits will be determined for you.

Identification Numbers

You must have either a Social Security number or an Individual Taxpayer Identification Number (ITIN) to complete all tax forms (except **Form 8843**).

Social Security Numbers (SSNs):

- F-1 visa holders must have employment authorization (CPT, OPT) or hold an offer of on-campus employment in order to obtain a SSN.
- J-1/J-2 visa holders are not required to submit proof of employment but must obtain a letter of eligibility from the International Student & Scholar Advisor.
- Both F-1 and J-1 visa holders must apply in person at the Social Security Office.

For more information regarding obtaining a SSN, please see the handout "Obtaining a Social Security Number".

ITIN Numbers:

- The IRS issues ITINs to foreign nationals and others who have federal tax reporting or filing requirements and do not qualify for SSNs. (Usually individuals receiving scholarships or grants.) The ITIN is a nine digit, tax processing number issued by the IRS. ITINs are not valid for identification outside of the tax system. By law, an individual cannot have both an ITIN and an SSN. For more information see IRS publication 1915 and Form W-7 and instructions for obtaining an ITIN at: <http://www.irs.gov/individuals/article/0,,id=96287,00.html>. To apply for an ITIN you will need the following documents:

- Form W-7
- A letter from your International Student Advisor
- A copy of your scholarship/fellowship letter
- A notarized copy of your passport
- A notarized copy of your visa
- Copy of Form W8-BEN

Obtaining Forms and Assistance:

- Slater International Center will have some basic IRS tax forms and publications by late February.
- You can also pick up forms and publications at the Boston IRS office, or any public library.
- Download federal forms from the IRS web site at: <http://www.irs.gov/formspubs/index.html>.
- Download State tax forms at: www.mass.gov.
- To have forms mailed directly to you, call 1-800-829-3676 for federal forms or 1-800-392-6089 for state forms.
- For help with federal income tax return or to order federal tax forms, call the IRS at 1-800-829-1040 or go to: www.irs.gov.
- For help with your state income tax return, call the Massachusetts Department of Revenue at 617-887-6367 or go to: www.mass.gov.
- In person, tax help is offered Monday-Friday, 8:30AM - 4:30PM at:
IRS Boston Office
JFK Federal Building
15 New Sudbury St.
Boston, MA
(617) 316-2850

GLOSSARY OF FORMS & PUBLICATIONS

Forms to complete:

- **Form 8843** “Statement for Exempt Individuals and Individuals with a Medical Condition”
Form 8843 is merely an informational statement required by the U.S. government for certain Non-resident Aliens. All non-resident who are present in the U.S. for 5 years or less with F-1, F-2, J-1, J-2, immigration status MUST file a Form 8843.

If you already have an SSN or ITIN, the number must be included on Form 8843. However, if you do not have an SSN or ITIN, you do not need to apply for one if you have no U.S.-source income and only need to file Form 8843. If you are submitting Form 8843 without a tax return you must print, sign and mail it by **June 17, 2012** to:

Department of the Treasury
Internal Revenue Service Center
Austin, TX 73301-0215
(there is no street address needed)

If you are submitting Form 8843 with a tax return, attach it to your Form 1040NR or 1040NREZ

- **Form W-7** - “Application for IRS Individual Taxpayer Identification Number”
- **Form 1040 NR EZ** - A federal tax form used by most international students who have been in the U.S. for less than 5 years and have simple tax issues.
- **Form 1040 NR** - A federal tax form used by non-residents with more complicated tax issues.
- **Form 1-NR/PY** - A state tax form used by international students to file a state tax return.
- **Form 843** - “Claim for Refund and Request for Abatement”-A form used to request a refund of social security tax (FICA) withheld from income.
- **Form 8316** - “Information Regarding Request for Refund of Social Security Tax Erroneously Withheld on Wages Received by a Non-resident Alien on an F, J, or M Type Visa.”

Forms to collect:

- **Form W-2** - This form shows the total amount of money that you earned and the total amount of taxes that you paid. If you worked during the current tax year you should receive this form by the end of January. (It is sent by the Controller’s Office if you worked on campus for Wellesley College, or sent by the Bookstore or Food Services if you worked for these employers.) If you have not received this form, contact your employer directly.
- **Form 1042-S** - This form shows the taxable portion of your financial aid or stipend/grant from the college. (Sent by Controller's office by March 15th.) You will also receive this form if you claimed a tax treaty or received a prize.
- **Form 1099-INT** - This form shows your total interest income.
- **Form 1098-T** - This form is used by residents for tax purposes to claim a tuition deduction from taxable income. You may receive this form from the college, but as an international student you are not eligible to claim a tuition deduction.

Publications:

- **IRS Publication 513** - Provides an excellent overview of tax regulations for international students/visitors.
- **IRS Publication 519** - “U.S. Tax Guide for Aliens” contains the “Substantial Presence Test” which helps determine your residency for tax purposes.
- **IRS Publication 678-FS** - “Foreign Student & Scholar Text for Use in Preparing Returns”
- **IRS Publication 901** - “U.S. Tax Treaties” describes tax treaties that may affect your filing.
- **IRS Publication 970** - “Tax Benefits for Education” helps determine taxability of scholarships or financial aid.
- **IRS Publication 4011** - “For Use in Preparing Federal Tax Returns for Non-resident Aliens”

FREQUENTLY ASKED TAX QUESTIONS

1. I received a Form W-2 in the mail. What is it and what should I do with it?

This is a wage and tax statement. It's a form issued annually by employers (normally during the month of January). Copies of your **W-2 Form** must be filed with your federal and state tax returns. They should be attached to your tax return at the time you mail it in to the IRS. If you worked for Wellesley College during the year and have not received a **W-2 Form** by **January 31st**, please contact the Payroll Office in Green Hall (x2469). If you worked for AVI Food Services or the Campus Bookstore, please contact these employers directly.

2. I received a Form 1042-S in the mail. What is it and what should I do with it?

This is a tax information form that reports scholarship/fellowship payments, income tax withheld, and other information relating to grant payments. In the U.S., grants awarded to you over the amount of tuition are taxable. You must attach this form to your tax return at the time you mail the return to the IRS. If you receive a scholarship and have not received this form by **March 15th**, please contact the Controller's Office in Green Hall (x2469). If you received a scholarship/grant and it is over the tuition amount, you cannot file your taxes until you receive your **Form 1042-S**.

3. What forms should I file?

If you use the GLACIER TAX PREP software, you will be instructed on what forms you will need to complete. Through a series of questions, the GLACIER TAX PREP software will determine if you are a "Resident" or "Non-Resident" for tax purposes. If you are an international student who has not been in the U.S. longer than 5 years, then you are usually considered a non-resident alien for tax purposes. If you have been in the U.S. longer than five years, then you are usually considered a resident for tax purposes and have to file a **Form 1040 EZ**, like U.S. residents and citizens. It is your responsibility to determine your residency status for tax purposes; please consult IRS Publication 519 or use the GLACIER TAX PREP system to do so.

4. What is the deadline for filing tax forms?

If you earned income in the U.S. during the current tax year, you must file taxes by **April 17th**. If you did not earn any income and do not need to file a tax return, the deadline to file **Form 8843** is **June 15th**.

5. My bank mailed me a form in January, called a Form 1099-INT, indicating the amount of interest I earned on my savings account. Do I need to include this amount on my income tax forms?

NO. Non-residents Forms **1040NR** or **1040NR-EZ** do not include U.S. bank interest as income.

6. The Form 1040NR-EZ asks for a social security number (SSN) or taxpayer identification number. If I don't have a social security number what should I do?

If you do not have an SSN and will be filing a tax return, you should apply for an Individual Tax Identification Number (ITIN). Complete **Form W-7** and send it to the IRS. It usually takes approximately 30 days to get an ITIN, and you may have to file your **Form 1040NR-EZ** without it.

7. If my country has a tax treaty with the U.S., does that mean I don't have to file any tax forms?

NO. In order to claim tax treaty benefits, you must file **Form 1040NR** or **Form 1040NR-EZ** plus **Form 8843**.

8. Where do I mail these forms?

Before mailing anything, make copies for your records! Mail **Form 8843**, **1040NR** or **1040NR-EZ** and the appropriate attachments to:

Department of the Treasury
Internal Revenue Service
Austin, TX 73301-0215
(there is no street address needed)

9. What happens if I do not file taxes?

If you owe taxes and don't file, the IRS can assess penalty and interest and seize U.S. bank assets for repayment. Fines and penalties can often amount to more than the original tax debt. If you failed to file in previous years, you can still amend this by contacting the IRS and filing taxes retroactively. There can also be immigration consequences for not filing taxes. Applicants for permanent residency ("green cards") are frequently asked to show proof of tax filing for previous years in the U.S.

10. Where's my refund?

Once you have filed your taxes and would like to check the status of your tax refund, use this site:
<http://www.irs.gov/individuals/article/0,,id=96596,00.html>

11. What to do if you had Social Security and/or Medicare taxes withheld in error on your paycheck?

If you are unable to receive a refund of these taxes directly from your employer, you may then file **Form 843** and **Form 8316** to request a refund from IRS.

Include the following:

- a copy of your W-2 Form
- a copy of the visa page of your passport
- a copy of Form I-94
- a copy of your work authorization if any (copy of your EAD authorizing OPT)
- a copy of front and back of your Form I-20 or Form DS-2019 authorizing CPT
- a written statement that you unsuccessfully requested a refund of these taxes from your employer (This can be the statement you obtained from your employer, or your own statement that you were denied refund of these taxes by your employer and were unable to obtain a statement from them.)

Mail **Form 843** and **Form 8316** along with all documents listed above to:

Department of the Treasury
Internal Revenue Service
Austin, TX 73301-0215
(there is no street address needed)