

# Tax Basics for International Students & Scholars: Informational Session



# Who must file taxes?

- 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
- 
- Even if you had no income you must complete [Form NR-706](#). This is the form that declares your non-residence status (

# 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
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Let's define some terms:





# 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

# 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->

# Resident or non-resident for tax purposes?

- , 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) +  $(1/3)$ (number of days in the year before the tax year) +  $(1/6)$ (number of days in the year two years before the tax year) must be at least 183.

## Are you an exempt individual? – Decision Tree

# 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

- 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

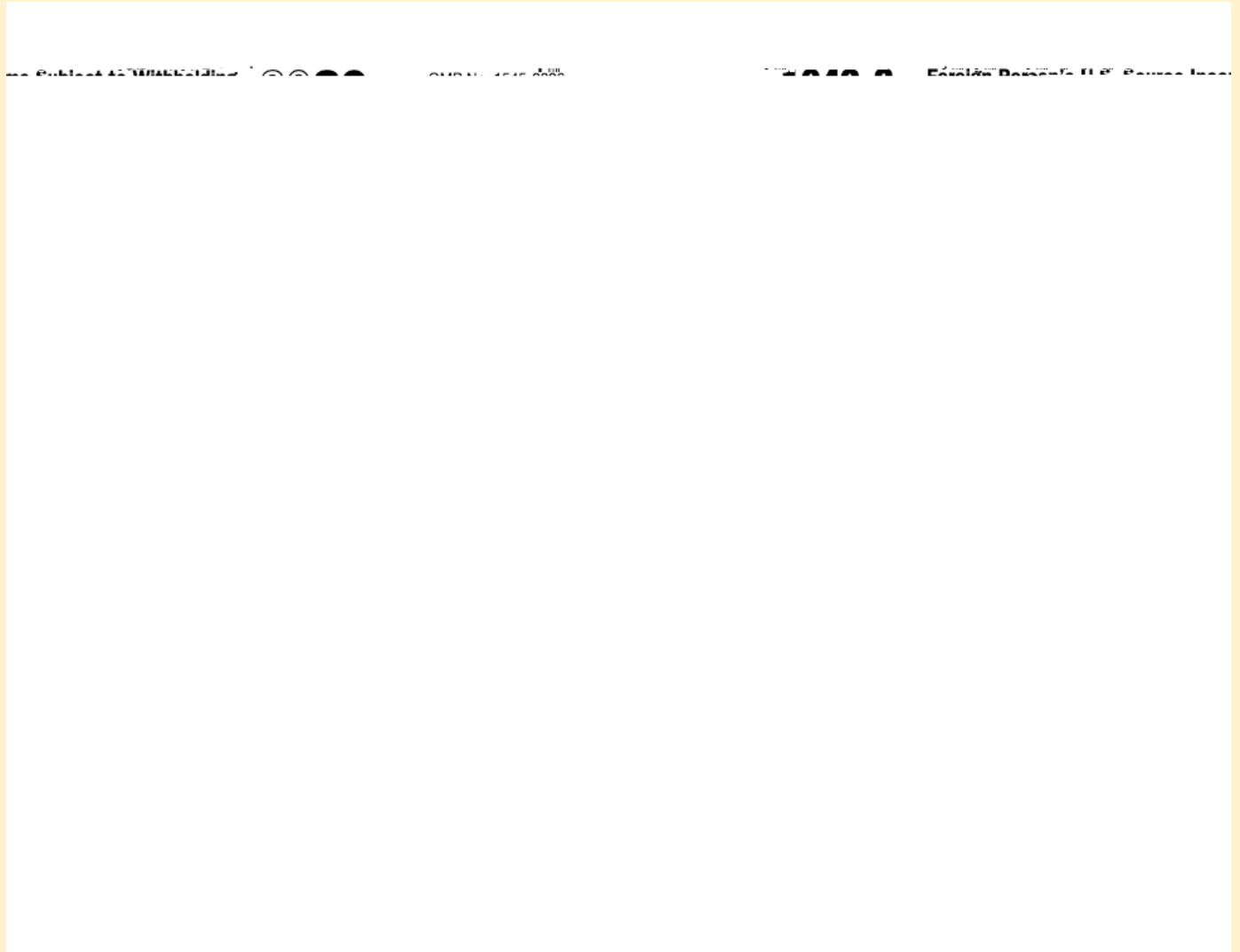




# Tax forms that students/scholars commonly receive

- 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



# Tax forms that students/scholars commonly receive

- Rental income
- Investment income

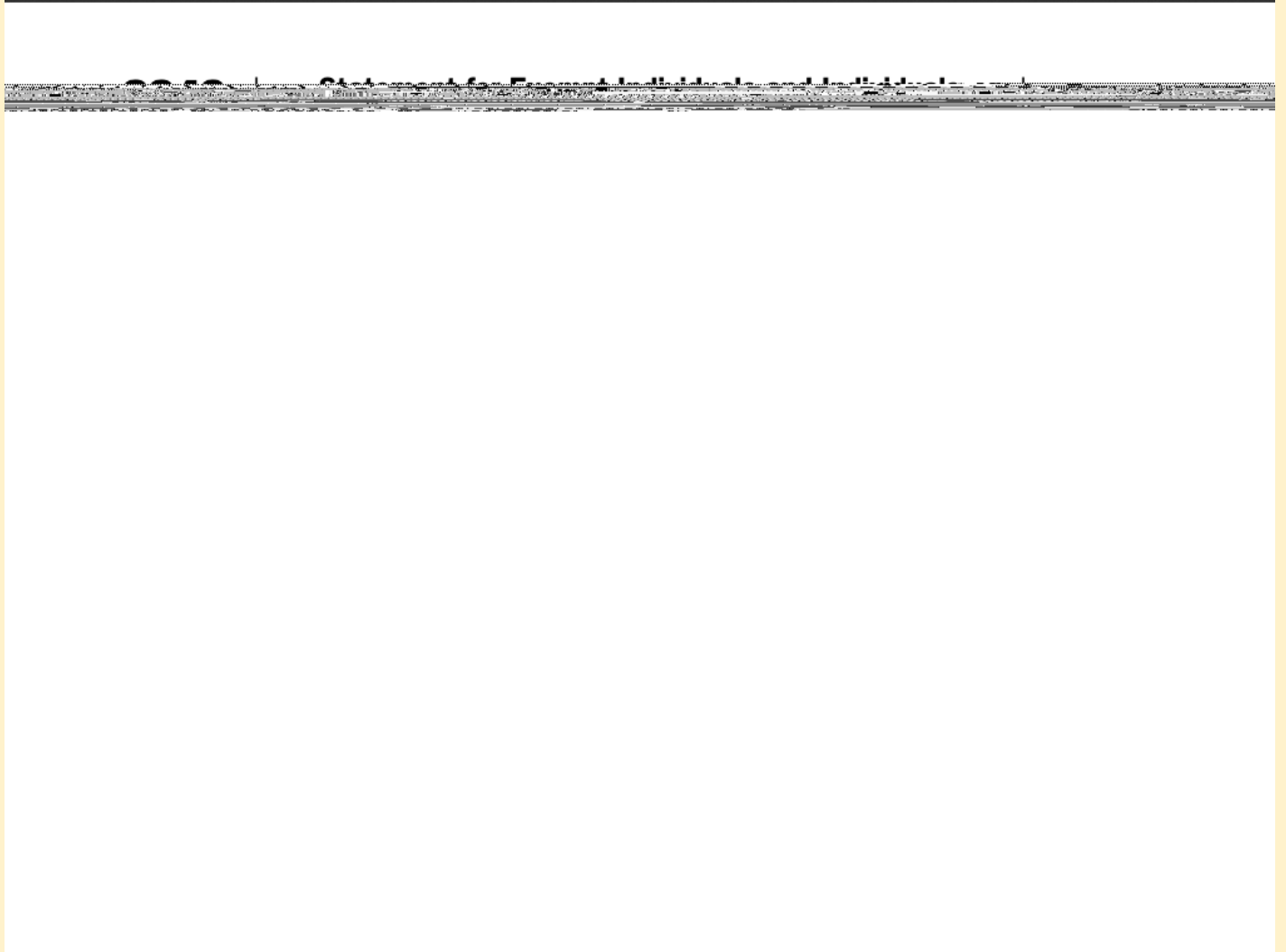
# Tax forms that student/scholars commonly receive

- 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.





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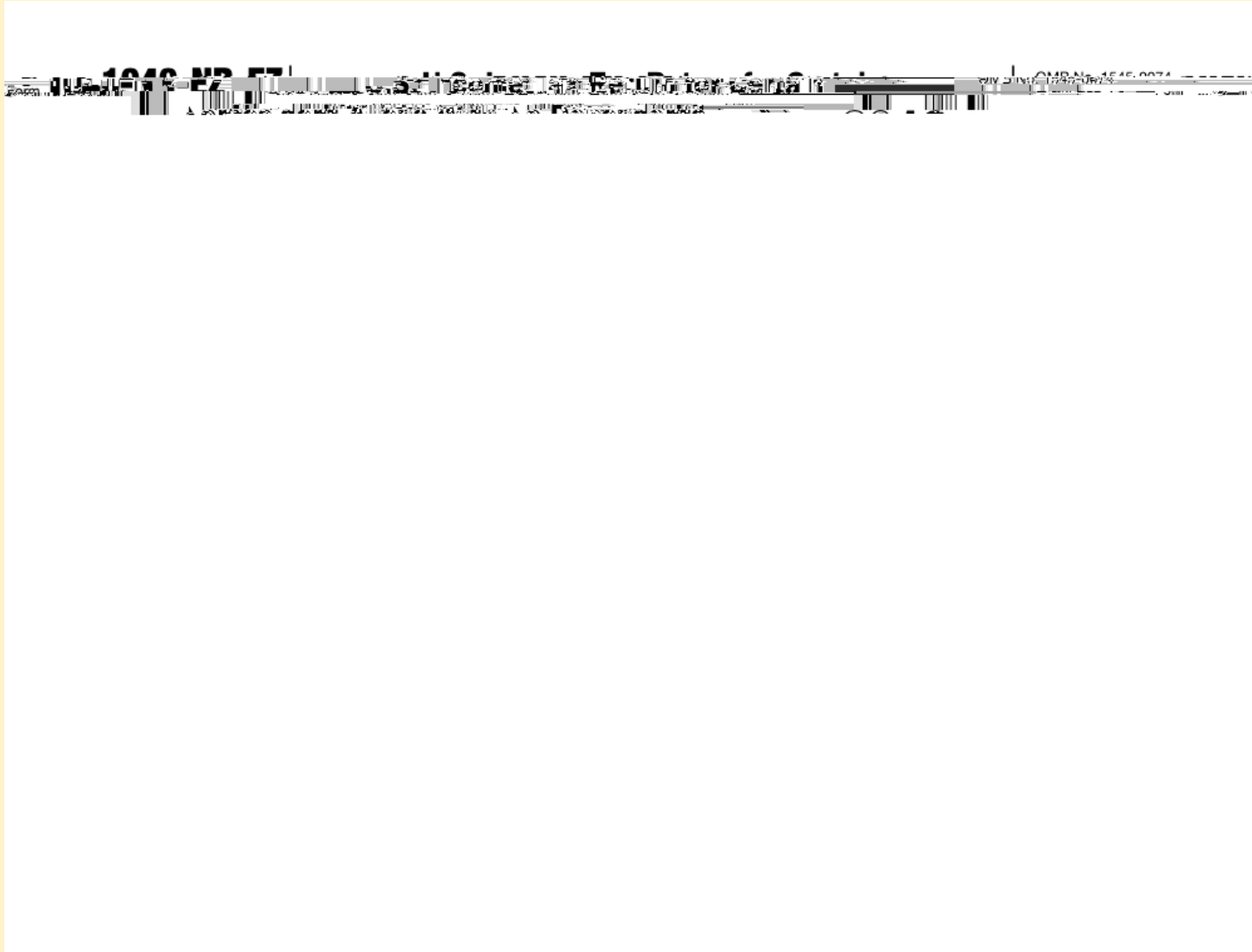


# Tax forms that students/scholars commonly **use** to file

- 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



# 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 –

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

# How to file your taxes

- US friends may suggest online software for you to use. Examples include TurboTax, H&R Block, TaxSlayer...
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- If you choose to go in person to a tax professional at a company make sure they understand you are an international student.



# State and City taxes

- Yes, in Ohio you have to pay these too.
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# 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 15<sup>th</sup> - 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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  - 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.
- 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 15<sup>th</sup>, 2020