

TAX INFORMATION

4/5/2019



INTERNATIONAL STUDENTS
IN THE UNITED STATES

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SECTION I

IMPORTANCE OF FILING TAXES

WHY IS IT IMPORTANT TO FILE TAX FORMS?

TO KEEP YOUR STATUS IN THE U.S. 'LEGAL'

- If you ever apply for Permanent Residency (or another visa type), the government may deny you if you did not file tax forms;
- If you OWE any taxes and do not file, the US government can take money from your bank account, charging you with a crime.

TO GET YOUR MONEY BACK!

- If you had any income tax money withheld for taxes
- Request Social Security or Medicare tax money back because it should not be withheld from F-1 Students

SECTION II

TAX FORMS

DIFFERENT TAX FORMS

THOSE FORMS ARE AVAILABLE ON THE IRS WEBSITE, WHERE INSTRUCTIONS ON HOW TO FILE THEM ARE PROVIDED

- FORM 8843 – This form **MUST** be filed by F-1, F-2, J-1, J-2 visa holders whether they receive income or not;
- 1040 NR-EZ – Easy/simple income (wages from work or scholarship);
- 1040 NR – Complex income with dependents, multiple types of income or investments;
- 1040 – Tax Residents.

See: <https://www.irs.gov/forms-instructions>

Form 8843 "Statement for Exempt Individuals and Individuals With a Medical Condition" to COUNT TIME in the U.S.

- It takes just a few minutes and 'counts' how long you have been in the U.S.
- Fill in only Parts 1 and 3
DUE APRIL 15, 2019
- Line by line instructions on International Students webpage under Current Students

<http://cms.montgomerycollege.edu/edu/departments.aspx?id=97099>

IRS FORMS 1040 NR AND NR-EZ

This is the front page of Form 1040NR. It includes the title '1040NR U.S. Income Tax Return for Certain Nonresident Aliens With Dependents' and the year '2018'. The form is divided into several sections for providing personal information, filing status, and tax details. It includes checkboxes for 'Married' or 'Single' and a section for 'Dependents'.

Form 1040NR

U.S. Income Tax Return for Certain
Nonresident Aliens With Dependents

This is the '2018 Instructions for Form 1040NR' booklet. It provides detailed guidance on how to complete the form, including explanations of the various lines and sections. It covers topics such as 'Filing Status', 'Dependents', 'Income', 'Deductions', and 'Credits'. The instructions are organized into numbered sections corresponding to the form's layout.

This is the front page of Form 1040NR-EZ. It is titled '1040NR-EZ U.S. Income Tax Return for Certain Nonresident Aliens With No Dependents' and is for the year '2018'. The form is designed for nonresident aliens with no dependents. It includes a section for 'Filing Status' with checkboxes for 'Single' or 'Married' and a section for 'Income' with checkboxes for 'Wages, salaries, etc.' and 'Other income'.

Form 1040NR-EZ

U.S. Nonresident Alien Income Tax Return
If you have no dependents

<https://cms.montgomerycollege.edu/edu/departments2.aspx?id=38693>

OTHER FORMS YOU CAN RECEIVE

1098-T

Tuition Statement

1042-S

Foreign Person's U.S. Source
income Subject to Withholding

1099-INT

Interest Income

1099-MISC

Miscellaneous non-wage Income

W-2

Wage and Tax Statement

SECTION III

SPECIAL CASES:

Change of Status

1099 for Contractors

Substantial Presence Test

WHAT IF I CHANGE STATUS?

If you earn enough to pay taxes during the year you change status, you may be considered a Non-Resident, a Resident, or in “Dual Status” for tax purposes.

If Changing OUT of F-1 status

- Permanent Residents are Tax Residents as soon as the new status is approved

Other statuses have different times as “Exempt Individuals”, for example:

- J Exchange visitors file as Non Residents for up to 2 years
- B Visitor file as Resident after 183 days
- Other Non-Immigrants – see a tax advisor

*See <https://www.irs.gov/individuals/international-taxpayers/alien-residency-examples>

1099 for Contract Work

- ▶ If you worked as a Contractor or were paid for short term 'gigs' (like musical performance or catering) you may receive a form 1099 MISC rather than a W2
- ▶ Your "wages" will be in Box 7 of the 1099 MISC
- ▶ Usually NO taxes are withheld or sent to the government for you if you are paid on a 1099 MISC
- ▶ Persons working as 'contractors' or for themselves usually need to make 'estimated tax payments' during the year so you may owe extra penalties

****REMEMBER – ALL F-1 EMPLOYMENT REQUIRES PERMISSION, EVEN SELF-EMPLOYMENT AND CONTRACTOR IF YOU MAKE MONEY INSIDE THE US!**

SUBSTANTIAL PRESENCE TEST

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- This test helps to determine if you meet the requirements to become a Resident for Tax Purposes.
- Indeed, after spending 5 consecutive years in the U.S., you may be qualify for Residency for Tax Purposes if you meet the requirements of the substantial present test.
- This test should only be taken by non residents that are NOT “Exempt Individual”.*

SUBSTANTIAL PRESENCE TEST

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To meet the test, the individual must be physically present in the US on at least:

- 5 years (current year excluded).
- 31 days during the current year, and
- 183 days during the 3-year period that includes the current year and the 2 years immediately before that, counting:
 - All the days you were present in the current year, and
 - 1/3 of the days you were present in the first year before the current year, and
 - 1/6 of the days you were present in the second year before the current year

The IRS Residency Test Calculator is available at
<http://www.visataxes.com/residency-tax-calculator.php>

TAX RESIDENTS FILE FORM 1040

According the IRS, residents will no longer file the 1040A and 1040EZ forms, but instead the 1040 revised form.

1040 Department of the Treasury—Internal Revenue Service **2018** (OMB No. 1545-0047) (File Only—Do not check any box in the space)

U.S. Individual Income Tax Return ☐ Married filing separate return ☐ Qualifying widow(er) ☐ Head of household

First, last, name and initial Last name Your social security number

Standard deduction ☐ Someone can claim you as a dependent ☐ You were born before January 2, 1954 ☐ You are blind

Spouse's (or qualifying person's) first, last, name and initial (see instructions) Last name Spouse's social security number

Standard deduction ☐ Someone can claim your spouse as a dependent ☐ Your spouse was born before January 2, 1954

☐ Your spouse is blind ☐ Your spouse cannot file a separate return or you were divorced after 1995

Home address (number and street), if you have a P.O. box, see instructions Apt. no. Residence (Section 2503(d)(1)) ☐ Yes ☐ No

City, town or post office, state, and ZIP code, if you have a foreign address, attach Schedule R ☐ Full-time health care coverage (see instructions)

Dependents (see instructions)

(a) First name Last name (b) Social security number (c) Relationship to you (d) ☐ If qualifies for care (e) ☐ If qualifies for care (f) ☐ If qualifies for care

Sign here Under penalty of perjury, I declare that I prepared this return and accompanying schedules and statements to the best of my knowledge and belief, and that I am not aware of any information that would require me to amend or file an amended return. I am not a preparer, and I am not a paid preparer. I am not a paid preparer, and I am not a paid preparer. I am not a paid preparer, and I am not a paid preparer.

Your signature Date Your occupation

Spouse's signature Date Spouse's occupation

Preparer's name Preparer's signature Preparer's title

Preparer's name Preparer's signature Preparer's title

On Declaration, Penalty Act, and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11000B Form 1040 (2018)

TAX TREATY BENEFIT

- ❑ A Tax Treaty is an agreement between your country and the United States to exempt or reduce your tax on some types of income.
- ❑ YOU must notify whoever withholds your taxes (such as bank or investment broker) of your treaty.
 - ▶ For Banks: You can file a Form W-8BEN, “Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding” and show your passport to reduce or exempt you from taxes on your bank interest.

HOW TO GET A TAX TREATY BENEFIT

If your country has a Tax Treaty with the U.S. you must attach other claim forms to your U.S. tax return to claim your treaty benefits.

The list of countries have tax treaties with the U.S.

<https://www.irs.gov/businesses/international-businesses/united-states-income-tax-treaties-a-to-z>

Claim Forms

Form 8833 Treaty-Based Return Position Disclosure Under Section 6114 or 7701(b)

Form 8233, Exemption From Withholding on Compensation for Independent (and Certain Dependent) Personal Services of a Nonresident Alien Individual

Form W-9, Request for Taxpayer Identification Number and Certification

REFERENCES

- ▶ <https://www.irs.gov/individuals/international-taxpayers/alien-residency-examples>
- ▶ <https://www.irs.gov/individuals/international-taxpayers/claiming-tax-treaty-Benefits>
- ▶ <https://www.finance.ucla.edu/payroll/manuals/alien-exempt-individual-examples>
- ▶ International Student tax information pages
- ▶ <http://www.montgomerycollege.edu/international-and-esl-students/international/current-students/tax-obligations-in-the-united-states.html>
- ▶ <https://www.sprintax.com/>