

Tax Basics for International Students & Scholars: Informational Session

International Center, & College of Business, & UA Payroll

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 2024
- Anyone who received a taxable stipend, grant, or allowance in 2024
- **Anyone who had income in the USA between 1/1/24 and 12/31/24**

Who must file taxes?

NON-RESIDENT SPOUSE/DEPENDENTS

- Cannot file jointly
- Federal tax returns are efiled
- State tax returns are efiled (unless married)
- City tax returns are mailed

Even if you had no income...

- 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)

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

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?

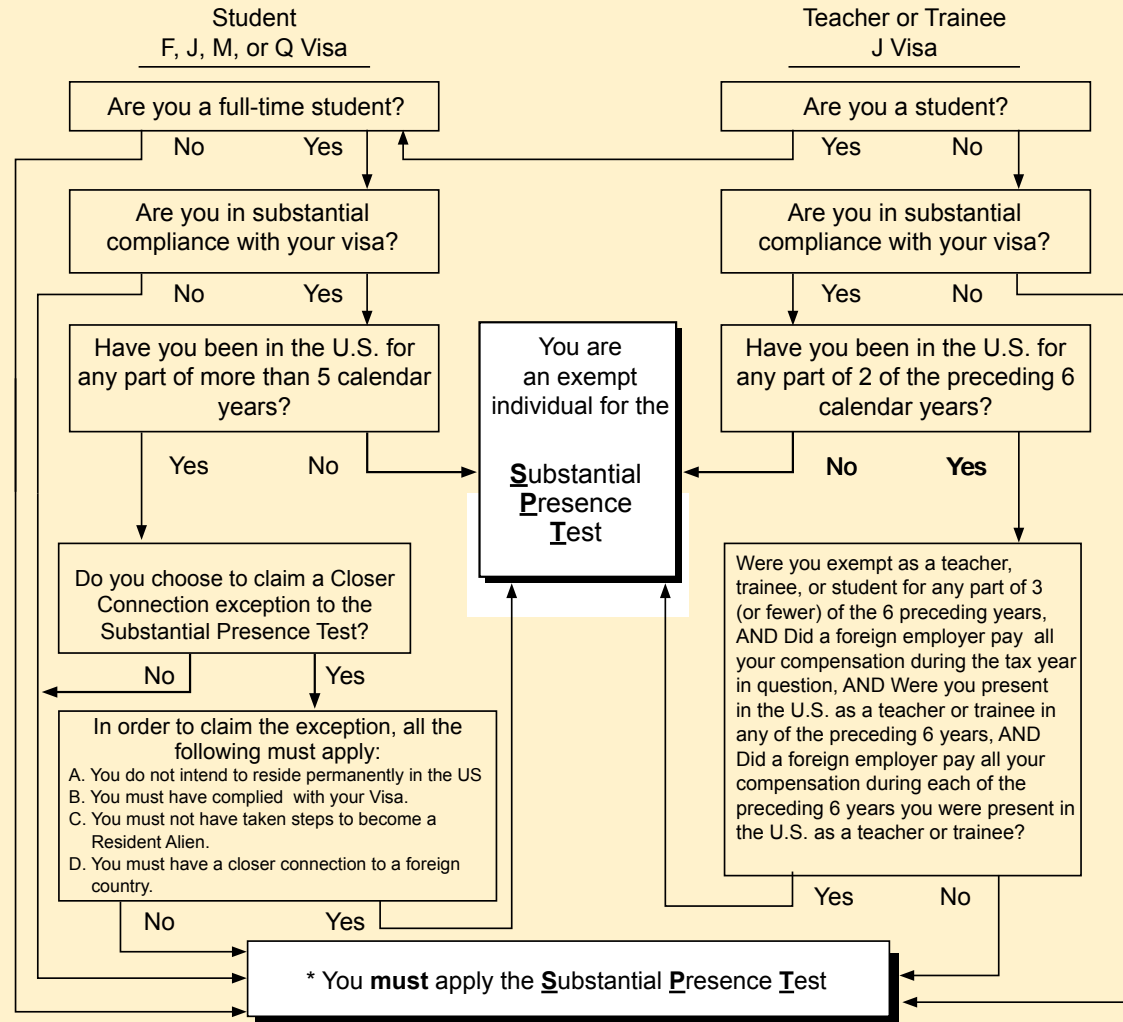
- *Generally*, most international students & scholars who are on F, or J visas are considered nonresident for tax purposes.
- International students on J1 & F1 visas are automatically considered nonresident for their first 5 calendar years in the US
 - Eg: If you arrived on Dec. 28, 2014: 2014 counts 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) + $(1/3)$ (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

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		VOID <input type="checkbox"/>	a Employee's social security number		For Official Use Only 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 See instructions for box 12	
f Employee's address and ZIP code			13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/>		12b		
			14 Other		12c		
					12d		
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

2024

Department of the Treasury—Internal Revenue Service

For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.

Copy A—For Social Security Administration. Send this entire page with Form W-3 to the Social Security Administration; photocopies are not acceptable.

Do Not Cut, Fold, or Staple Forms on This Page

Activate Windows
Go to Settings to activate Windows.

Tax forms that students/scholars commonly receive

1042S

- Employer must mail your 1042S to you by March 15, 2025
- Shows: scholarships, 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 2024			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	
		UNIQUE FORM IDENTIFIER <input type="checkbox"/> AMENDED <input type="checkbox"/> AMENDMENT NO.				
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"/>						
7c Check if withholding occurred in subsequent year with respect to a partnership interest <input type="checkbox"/>						
8 Tax withheld by other agents				14a Primary Withholding Agent's Name (if applicable)		
9 Overwithheld tax repaid to recipient pursuant to adjustment procedures (see instructions) ()				14b Primary Withholding Agent's EIN		
10 Total withholding credit (combine boxes 7a, 8, and 9)				15 Check if pro-rata basis reporting <input type="checkbox"/>		
11 Tax paid by withholding agent (amounts not withheld) (see instructions)				15a Intermediary or flow-through entity's EIN, if any	15b Ch. 3 status code	15c Ch. 4 status code
12a Withholding agent's EIN		12b Ch. 3 status code	12c Ch. 4 status code	15d Intermediary or flow-through entity's name		
12d Withholding agent's name				15e Intermediary or flow-through entity's GIIN		
12e Withholding agent's Global Intermediary Identification Number (GIIN)				15f Country code	15g Foreign tax identification number, if any	
12f Country code	12g Foreign tax identification number, if any				15h Address (number and street)	
12h Address (number and street)				15i City or town, state or province, country, ZIP or foreign postal code		
				16a Payer's name		16b Payer's TIN

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Tax forms that students/scholars commonly receive

1099 Series

- Okay for international students to be engaged in these activities
 - Investment activities – investing in stocks, bonds, virtual currency
- International students should not be engaged in these activities
 - Rental income
 - 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, which are not available to nonresidents
- University of Akron sends these to anyone with a SSN in Workday. You do not need it to file your taxes but we suggest keep the form anyway.
- According to Sprintax, this form is the most significant cause of misfiling for non-residents
 - A 1098T IS NOT RELEVANT FOR NON-RESIDENTS.

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 AND have insurance through the Marketplace (healthcare.gov)
- 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
 - Nonresident spouses and dependents must file a copy of this form, too
- This is the form that declares your non-residence status (ie, confirms you are an international student)

8843

Form 8843 Department of the Treasury Internal Revenue Service	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. For the year January 1—December 31, 2024, or other tax year beginning _____, 2024, and ending _____, 20____.		OMB No. 1545-0074 2024 Attachment Sequence No. 102
	Your first name and initial	Last name	Your U.S. taxpayer identification number (TIN), if any
Fill in your addresses only if you are filing this form by itself and not with your U.S. 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: 2024 _____ 2023 _____ 2022 _____			
b Enter the number of days in 2024 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 2024: _____ _____ _____			
6 For trainees, enter the name, address, and telephone number of the director of the academic or other specialized program you participated in during 2024: _____ _____ _____			

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

1040NR

- 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

Form 1040-NR Department of the Treasury—Internal Revenue Service		U.S. Nonresident Alien Income Tax Return 2024		OMB No. 1545-0074	IRS Use Only—Do not write or staple in this space.
For the year Jan. 1–Dec. 31, 2024, or other tax year beginning _____, 2024, ending _____, 20_____					See separate instructions.
Your first name and middle initial		Last name		Your identifying number (see instructions)	
Home address (number and street). If you have a P.O. box, see instructions.					Apt. no.
City, town, or post office. If you have a foreign address, also complete spaces below.				State	ZIP code
Foreign country name		Foreign province/state/county		Foreign postal code	
Filing Status Check only one box.	<input type="checkbox"/> Single <input type="checkbox"/> Married filing separately (MFS) <input type="checkbox"/> Qualifying surviving spouse (QSS) <input type="checkbox"/> Estate <input type="checkbox"/> Trust If you checked the QSS box, enter the child's name if the qualifying person is a child but not your dependent: _____				
Digital Assets	At any time during 2024, did you: (a) receive (as a reward, award, or payment for property or services); or (b) sell, exchange, or otherwise dispose of a digital asset (or a financial interest in a digital asset)? (See instructions.) <input type="checkbox"/> Yes <input type="checkbox"/> No				
Dependents (see instructions):	(1) First name	Last name	(2) Dependent's identifying number	(3) Relationship to you	(4) Check the box if qualifies for (see inst.):
					Child tax credit
					Credit for other dependents
If more than four dependents, see instructions and check here <input type="checkbox"/>					<input type="checkbox"/>
					<input type="checkbox"/>
					<input type="checkbox"/>
					<input type="checkbox"/>
Income Effectively Connected With U.S. Trade or Business	1a Total amount from Form(s) W-2, box 1 (see instructions)				1a
	b Household employee wages not reported on Form(s) W-2				1b
	c Tip income not reported on line 1a (see instructions)				1c
	d Medicaid waiver payments not reported on Form(s) W-2 (see instructions)				1d
	e Taxable dependent care benefits from Form 2441, line 26				1e
	f Employer-provided adoption benefits from Form 8839, line 29				1f

How to file your taxes

- Tax Assistance Walk-in Workshops run by the College of Business:
 - Saturdays from 9-3 in CoB room 106 (closed during spring break)
- Drop-in help session for Form 8843 ONLY (dependents are welcome to join us)
 - Wednesday, March 19, 12:00-1:00, Bierce Library, 154

How to file your taxes

Online –

- **Sprintax** (the UA link and discounted price will be sent via email)
- Sprintax can now file online for most tax returns.

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
- Bank account information (for direct deposit of refunds)
- Drivers license or state ID (if you have one)

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 live.

Reminders:

- **TAXES ARE DUE ON APRIL 15, 2025**
 - 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
- Or you can request that your refund is deposited directly into your bank account.
- 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 2 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 9-3 in CBA room 106 (closed during spring break)
- Help session for Form 8843 ONLY
 - Wednesday, March 19, 12:00-1:00, Bierce Library, 154
- Or file online using Sprintax software
- No matter which way you choose to prepare your taxes, don't forget to mail your return by April 15th, 2025