

An aerial view of a city skyline at sunset, with a white-bordered text box in the center. The sky is a mix of orange, yellow, and blue, and the city buildings are silhouetted against the light. The text box contains the title of the presentation.

Everything you need to know about Non-Resident Tax

Ryan Ludden

Sprintax

Overview:

- Overview of tax for non-resident students and scholars
- Changes for 2018 tax year
- Student tax behaviour in 2017
- Using Sprintax to prepare your tax returns
- Questions

Disclaimer

The aim of this presentation is to provide you with a general understanding of tax principles as they apply to international students and as such is for information purposes only. Each individual has a unique tax position and is responsible for his or her own tax determination and compliance.



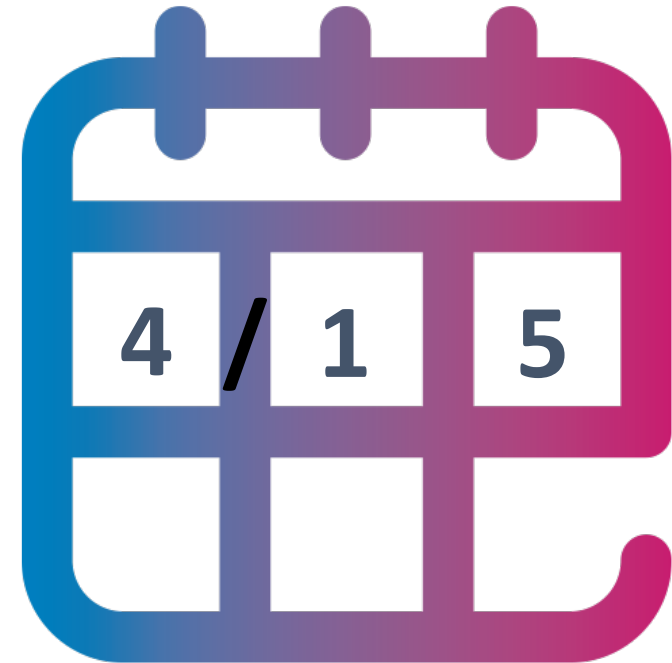
Hands Up...



Important dates for 2019

2018 tax filling season is for income from

- 1st January – 31st December 2018
- Filling deadline is Monday, April 15th 2019



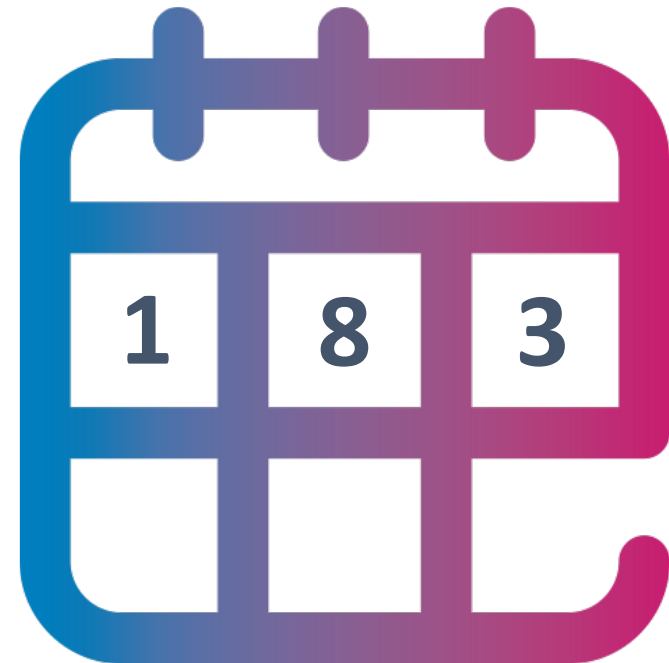
Differences between residents and nonresidents



Resident or nonresident for tax?

Independent of visa/immigration status

- *Generally*, most international students & scholars who are on **F, J, M or Q visas** are considered **nonresident for tax purposes**.
- International undergraduate students on J1 & F1 visas are automatically considered nonresident for their first 5 calendar years in the US
- Scholars/Researchers on J visas are automatically considered nonresidents for 2 out of the last 6 calendar years in the US
- 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.



Who must file for 2018?

Received taxable earnings or income over \$0– 2018 no personal exemption amount

Received a taxable stipend, grant or allowance in 2018

Everyone must complete Form 8843 – irrespective of income or days of presence

Everyone has some type of IRS filing obligation...



Form 8843 – minimum filing requirement for all

| | | | |
|--|--|--|--|
| 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. For the year January 1—December 31, 2017, or other tax year beginning _____, 2017, and ending _____, 20____. | OMB No. 1545-0074 2017 Attachment Sequence No. 102 | |
| Department of the Treasury Internal Revenue Service | Your first name and initial _____ | Last name _____ | Your U.S. taxpayer identification number, if any _____ |
| 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. _____ _____ | | | |

Withholding tax

- As a non resident 'withholding tax' may be applied to some or all payments made to you at a rate of 30%
- 65 tax treaties in place to reduce this or to exempt that income
- Opportunity to claim refund via year end tax return



Federal requirement – Form 1040NR/EZ

- From 1st January 2018 – everything over \$0 is taxed!
- US Source Income
 - Wages
 - Taxable Stipend, Grant, Scholarship, Award
 - Interest, rental, royalty or other income
- Only opportunity to reclaim overpaid tax, is by filing a return



Income which does not trigger a filing requirement

- 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*



What tax documents can students receive

W2

- Wages, Salary, Compensation (Employment Earnings)

1042-S

- Royalty Payments
- Scholarship Stipend/Non-Degree Aid
- Prize/Award/Miscellaneous foreign payments

1099 Series

- Rental income
- Investment Income
- Commissions
- Other income
- Independent Contractor Services

Items needed when preparing return



- Income documents
 - Passport
 - Visa - I-20, DS-2019, etc.
 - Entry and exit dates
 - Social security / ITIN
 - 4 c's
 - A comfortable Chair
 - Clear desk/table space
 - A strong cup of Coffee
 - Chocolate bar!
- Save the Cocktail until you're finished!

Income tax forms to be completed

Federal tax

- 1040 NR: “U.S. Nonresident Alien Income Tax Return”

or

- 1040 NR EZ:

“U.S. Income Tax Return for Certain Nonresident Aliens with No Dependents”

State tax

- Income tax return for each state where student resided/earned income during 2018

Tip: They are referred to as “**Tax Returns**”, because they are used to getting money back!

Nonresident spouse and dependents

Same filing requirements as visa holder:

- No joint returns for Nonresidents
- Obligations
 - Minimum is Form 8843
 - 1040NR/EZ if applicable
 - Each dependent should mail them in separate envelopes
- Nonresident can elect to file as resident – when married to a tax resident



FICA taxes

- Nonresident international students and scholars (J1 & F1) **should not be** paying FICA
- H-1B, J-2 and TN visa-holders, **are subject to FICA taxes from their first day of employment.**
- Usually only applied to off campus employment
 - However resident, graduates and on campus OPT do pay
- Opportunity to claim back
 - From employer
 - Via Form 843 & Form 8316



ITIN- Individual Taxpayer Identification Number

- Required when filing Federal return
- Most common among scholarship recipients (athletes)
- Not needed on Form 8843
- Application process is tricky!
- CAA may now certify dependents (Certified Acceptance Agent)



1098 T - Tuition Statement

- Tuition Statement
- Mostly used to claim education tax credit
- Significant cause of misfiling for nonresidents
- Not relevant for nonresidents
- Sometimes - all students with an SSN on file with school will get one – even nonresidents, so it can cause a lot of confusion!



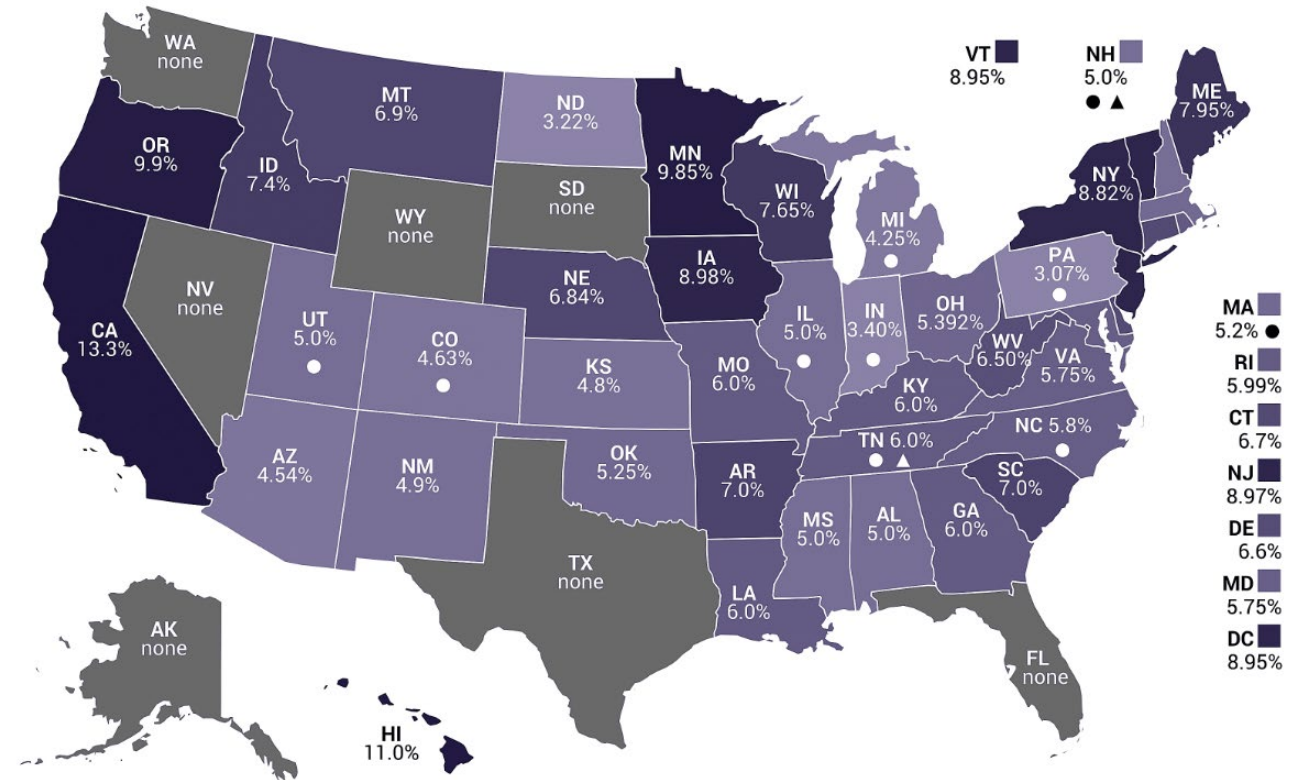
1095 A, B & C Series

- Form 1095-A:
 - Healthcare coverage purchased through Health Insurance Marketplace – ‘ObamaCare’
 - Generally not applicable to international students & scholars
 - Can be used in limited circumstances
- Form 1095-B:
 - Healthcare coverage provided through insurance provider or self-insured employer
 - You do not need 1095-B for your non-resident return
- Form 1095-C:
 - Healthcare provided through employer (generally more than 50 employees)
 - You do not need 1095-C for your non-resident return



State taxes

- Resident, part-year resident and nonresident status
- Forms and rules vary from state to state
 - Federation of Tax Administrators website
 - www.taxadmin.org/state-tax-forms



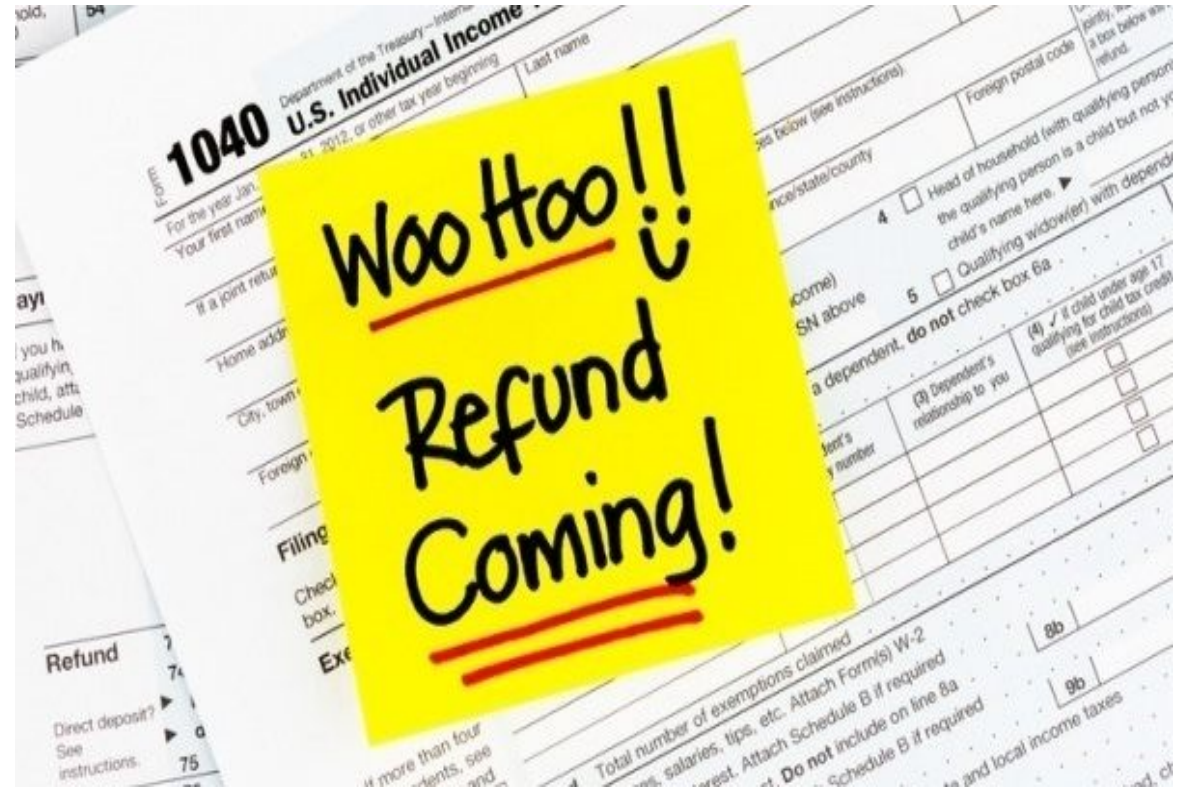
Pennsylvania State Taxes

- Most students (F1's and J1's) are considered non-residents for PA state tax purposes.
- Unless a student considers PA to be his new home, is supporting himself, and has established a permanent abode in PA, the student is considered a nonresident.
- Todd should file as a resident in the state/country where his parents live or his permanent place of abode is, and file a tax return in PA as a nonresident.
- You must file before midnight, April 15, 2019.
- Every resident, part-year resident or nonresident individual must file a Pennsylvania Income Tax Return (PA-40) when they received total PA gross taxable income more than \$33, even if no PA tax is due.



Timelines for a refund

- Federal
 - 6 weeks - 6 months
 - Contact IRS to follow up
 - E-filing – kinda, sorta, maybe ??
- ‘Where’s my refund’
- <https://irs.gov/refunds>



Missed a year? File as resident by mistake?

- Don't panic - but do set the record straight
- Never filed....
 - Catch up
 - Can back file at any stage
 - Can only claim a refund for previous 3 years
- Misfiled.....
 - 1040X - Amended U.S. Individual Income Tax Return
 - Simple form, similar to 1040



Implications of not filing

- International students are required to comply with all US laws, including IRS
- Filing tax forms (even if only 8843) is part of maintaining visa status in US
- Not filing could affect future immigration status (like H1B, LPR)
- Fines, penalties, interest can accrue if the IRS are owed
- Might be missing out on a refund!



Tax scams

- Use caution and common sense
- IRS would never ask for personal details without proper communication
- IRS not seeking to penalize anyone – just want to make sure the fair and correct taxes are paid on time
- Same format (internationally!)
 - Money owed
 - ‘Instant’ payment will make problem go away
 - Voucher/prepaid credit card reference preferred payment option

A world map graphic is centered on the page, overlaid on a background image of an airport terminal. The map is white with a blue outline. The background shows people in business attire, some with luggage, in a brightly lit terminal with large windows. The overall color palette is dominated by blue and white, with a dark blue horizontal band at the top and bottom.

Changes for 2018

TCJA – Key headlines

- The personal exemption of \$4,050 has now been removed. Anyone that earns over \$0 of US income will now have to file a federal tax return and will be taxed on this income.
- Standard deduction has increased from \$6,350 to \$12,000 (positive for Indian students/trainees only)

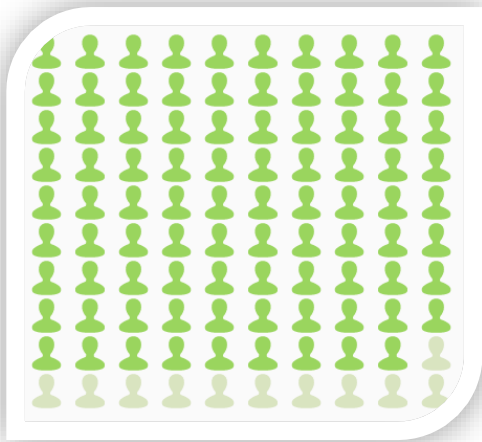




Tax Profile of 182,000 Students & Scholars

2018 Federal & State Refunds

Federal



89%

Received Refund

Average Refund

\$1,111

State



56%

Received Refund

Average Refund

\$328

Email to Students



Ryan Ludden

Tax Obligations for International Students & Scholars

To Neil Duffy; Ryan Ludden

Dear international student,

As an international student in the US, it's important that you understand the tax requirements of your visa and your filing obligations with the IRS.

If you did not work or receive any income in the US, you are legally obliged to file the Form 8843. If you worked or received a stipend, grant or allowance in the USA (over a certain amount) you may also need to file the Form 1040NR.

John Doe University has arranged **discounted access** to [Sprintax](#) Tax Preparation, which will guide you through the tax preparation process, prepare the necessary documents and even check if you are due a refund.

Sprintax was used by over 94,000 international students and scholars last year, and the average Federal refund received (by those eligible) was over **\$1,000**.

All you need to do is:

1. [Register](#) and follow the simple instructions
2. Complete the online questionnaire
3. Enter the unique discount code **JD158fd** in the box on the 'Review your order' page
4. [Sprintax](#) will prepare your tax return.



Complete Your
Tax Return

As a reminder, you have to print, sign and mail your documents once you complete the preparation process in Sprintax.

If you have any questions, please use the live chat function on Sprintax and their team will be happy to help.

All the best

Login Page

Sprintax
NON-RESIDENT TAX PREPARATION

Non-residents Schools Partners What we do About Tax Forms Blog Contacts [Sign In](#)

The online US tax prep solution for international students and scholars

- ▶ Non-resident federal and state tax preparation
- ▶ Built-in knowledge of over 350 different types of tax deductions
- ▶ 65 international tax treaty agreements and exemptions covered
- ▶ Maximum legal tax refund for federal, state & medicare
- ▶ US tax compliancy guaranteed

Sprintax is an easy-to-use system that will guide you through each part of the 1040NR tax return process. Just complete the registration form to get started.

Create an account

FEDERAL from \$35.95 STATE from \$25.95

First name* Last Name* Country Code* Phone number*

Email* Choose Password* Confirm Password*

I agree to the [Sprintax terms and conditions](#)

I agree to [information disclosure under IRC Section 7216](#)

[Get started](#)

★★★★★ (1036 reviews)

Non-resident tax partner of TurboTax

Residency



Progress 9%

Tax Year 2017

RyanLudden

[Log out](#)

You are here

- Residency
 - Residency Status ←
 - Visa Details
- Getting to know you
- Let's talk money
- Offset your expenses
- About your college
- State Taxes
- Review
- Finished

Get Help

- [FAQ](#)
- [Ask Stacy](#)
- [Call us](#)

Step 1 - Residency

Residency status

- Have you been a US citizen, by birth or naturalization, on the last day of 2017? Yes No
- Have you ever been a green card holder? Yes No
- Have you ever applied for US citizenship/ lawful residence? Yes No

Visiting the US

- Were you in the US during the 2017 tax year? Yes No
- When was your first visit to the US? 2017
- Are you still in the US? Yes No

NOTE: Your residency status is determined by the complete history of all your visits to the US including any visits as a student, trainee, tourist and all other entries to the US from 1986 onwards.

Please provide details below of all your visits to the US starting from .

[+ add visit](#)

| Visa type/Visitor status | Entered US on | Intention to Leave US on |
|--------------------------|---------------|--------------------------|
| F1 - Student | 01/02/2017 | 09/01/2017 |
| J1 - Student | 01/01/2018 | 12/28/2018 |

NOTE: Please enter your Visitor Status from your I-20 or DS-2019 in the field above. For more information on your visa or status, [click here](#).

NOTE: If you're still in the US you can enter your visa expiry date

Income Forms

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- Residency
- Getting to know you
- Let's talk money
 - Income Documents
 - W-2 forms [1] ←
- Offset your expenses
- About your college
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- Review
- Finished

Get Help

[FAQ](#)

[Ask Stacy](#)

[Call us](#)

Step 3 - Let's talk money 1

W-2 forms(s)

Please enter the required information in the blue boxes. We recommend that you use Copy C of your W-2 form to complete your income and tax information.

If the information in boxes 16-20 differs on copies B and C of your W-2 form, please attach copy C to your Federal tax return.

DO NOT combine information from different forms.

If your original W-2 does not have amounts in boxes 16-20 on two rows, do not enter any information on the second row below.

Select employer type

| | | | | |
|--|----------------------------|---|--|--------------------|
| a Employee's social security number | | OMB No. 1545-0008 | | |
| b Employer identification number (EIN) 34-5556655 | | 1 Wages, tips, other compensation 30000 | 2 Federal income tax withheld 4375 | |
| c Employer's name, address, and ZIP code Company Name Address City State/Province ZIP/Postal code | | 3 Social security wages 30000 | 4 Social security tax withheld 1860 | |
| | | 5 Medicare wages and tips | 6 Medicare tax withheld | |
| d Control number | | 7 Social security tips | 8 Allocated tips | |
| | | 9 | 10 Dependent care benefits | |
| e Employee's first name and initial Last name Suff. | | 11 Nonqualified plans | 12a | |
| f Employee's address and ZIP code | | 13 Statutory employee <input type="checkbox"/> Retiree <input type="checkbox"/> | | |
| | | 14 Other | | |
| 15 State Please | Employer's state ID number | 16 State wages, tips, etc. | 17 State income tax | 18 Local Please |
| 19 Please | | | | |

Got a question?


Tax can be tricky, so we're here to help. If you have a question, [click here](#) to search our frequently asked questions. Or click 'Ask Stacy' to get an immediate answer now!

Form **W-2** Wage and Tax Statement

Back

Next

Other Income



Progress 67% | Tax Year

You are here

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 - W-2 forms [1]
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- Finished

Get Help

Step 3 - Let's talk money

Income not reported elsewhere

Did you receive any other income from US sources not reported on the W-2, 1042-S or any other payment documents which you have not entered yet? Yes No

[+ add not reported income](#)

| What type of income did you receive? | Amount | Type of Service/ Entity/ None | Employer Name | Employer EIN |
|--------------------------------------|--------|-------------------------------|---------------|--------------|
| Please Select ▼ | 0 | | Employer Name | Employer EIN |
| Please Select | | | | |
| Fees/Commissions | | | | |
| Academic grant/Scholarship | | | | |
| Prize/Award | | | | |
| Other | | | | |

State Taxes

[Home](#) Progress 91% Tax Year 2017

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- Let's talk money
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- State Taxes**
 - Transferring your data
 - Living in the US ←
- Review
- Finished

Get Help

- [FAQ](#)
- [Ask Stacy](#)
- [Call us](#)

Step 6 - State Taxes

Living in the US

Please provide details of each state you lived in during 2017. You should also include any periods spent outside the US (if applicable). See [Example](#)

| Entry date | Exit date | State | Type of accomodation | Type of visit |
|------------|------------|------------|---------------------------|---------------|
| 01/01/2017 | 01/16/2017 | Outside US | | |
| 01/17/2017 | 06/02/2017 | New York | Dwelling owned by the U | Tempor |
| 06/03/2017 | 09/08/2017 | New Jersey | Other temporary residence | Tempor |
| 09/09/2017 | 12/31/2017 | New York | Dwelling owned by the U | Tempor |

Have you lived and/or worked in NY in 2016? Yes No

Enter the date when you left or intend to leave New York State permanently


[Back](#) [Next](#)

Order summary

Progress 99% | Tax Year 2017 | [zztesthomezztesthome](#) ▼

[Log out](#)

Let's review your order

 **Guaranteed 100% accurate**


| | | |
|---------------------------------------|---|---|
| Federal Return | Includes: 1040 NR / 1040 NR EZ Scholarship and fellowship grants Employment income Tax Treaty exemptions (more) | \$ 35.95 Remove |
| State Return (New York) | Includes: Tax credits Exemptions and deductions Data transferred from federal tax return. | \$ 25.95 Remove |

Insert access code here

If your International Student Office has given you a code to access Sprintax please enter it here.

[Validate](#)

Your completed IRS Forms



RYAN LUDDEN
 APARTMENT 2
 DELAWARE
 DELAWARE CAMPUS HOUSING BLOCK 1, NEWARK
 United States of America DELAWARE, 19716

Dear RYAN,

Enclosed please find two copies of your 2017 federal income tax return, which you prepared through Sprintax tax software.
 File one copy with the Internal Revenue Service and retain the second copy for your records.

Tax Summary

| | |
|--------------------------------------|--------------------------------|
| <i>Filing Status</i> | Other single nonresident alien |
| <i>Gross Income</i> | \$30000 |
| <i>Federal Adjusted Gross Income</i> | \$29900 |
| <i>Federal Taxable Income</i> | \$19500 |
| <i>Refund Amount</i> | \$1910 |

We have attached instructions detailing how to file your tax return with the IRS.

How much is my refund?
 Your federal tax refund is \$ 1910. A check will be mailed to the following address.
 APARTMENT 2, ap. DELAWARE CAMPUS HOUSING BLOCK 1, NEWARK, DELAWARE, DELAWARE 19716

How do I file my tax return?
 Your tax return must be received by April 17th. However, we recommend you mail your federal return as soon as possible using the United States Post Office certified mail service or an approved delivery service that will provide proof of your mailing date, to:

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

| | | | | | |
|--|--|--|--|--|--|
| Form 1040NR | | U.S. Nonresident Alien Income Tax Return | | OMB No. 1545-0074 | |
| Department of the Treasury Internal Revenue Service | | ▶ Go to www.irs.gov/Form1040NR for instructions and the latest information. For the year January 1–December 31, 2017, or other tax year | | 2017 | |
| Your first name and initial RYAN | | Last name LUDDEN | | Identifying number (see instructions) 546-67-5554 | |
| Please print or type Present home address (number, street, and apt. no., or rural route). If you have a P.O. box, see instructions. APARTMENT 2, ap. DELAWARE CAMPUS HOUSING BLOCK 1, NEWARK | | City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below. See instructions. DELAWARE, DELAWARE 19716 | | Check if: <input checked="" type="checkbox"/> Individual <input type="checkbox"/> Estate or Trust | |
| Foreign country name DELAWARE, DELAWARE | | Foreign province/state/county | | Foreign postal code | |
| Filing Status | | 1 <input type="checkbox"/> Single resident of Canada or Mexico or single U.S. national | | 4 <input type="checkbox"/> Married resident of South Korea | |
| | | 2 <input checked="" type="checkbox"/> Other single nonresident alien | | 5 <input type="checkbox"/> Other married nonresident alien | |
| | | 3 <input type="checkbox"/> Married resident of Canada or Mexico or married U.S. national | | 6 <input type="checkbox"/> Qualifying widow(er) (see instructions) | |
| Check only one box. | | If you checked box 3 or 4 above, enter the information below. | | Child's name ▶ | |
| (i) Spouse's first name and initial | | (ii) Spouse's last name | | (iii) Spouse's identifying number | |
| Exemptions | | 7a <input checked="" type="checkbox"/> Yourself. If someone can claim you as a dependent, do not check box 7a | | Boxes checked on 7a and 7b 1 | |
| | | b <input type="checkbox"/> Spouse. Check box 7b only if you checked box 3 or 4 above and your spouse did not have any U.S. gross income | | No. of children on 7c who: | |
| | | c Dependents: (see instructions) | | • did not live with you due to divorce or separation (see instructions) | |
| If more than four dependents, see instructions. | | (1) First name Last name | | Dependents on 7c not entered above | |
| | | (2) Dependent's identifying number | | Add numbers on lines above ▶ 1 | |
| | | (3) Dependent's relationship to you | | | |
| | | (4) <input checked="" type="checkbox"/> if qualifying child for child tax credit (see instr.) | | | |
| | | d Total number of exemptions claimed | | | |
| Income Effectively Connected With U.S. Trade/Business | | 8 Wages, salaries, tips, etc. Attach Form(s) W-2 | | 8 30000 | |
| | | 9a Taxable interest | | 9a | |
| | | b Tax-exempt interest. Do not include on line 9a | | 9b | |
| | | 10a Ordinary dividends | | 10a | |
| | | b Qualified dividends (see instructions) | | 10b | |
| | | 11 Taxable refunds, credits, or offsets of state and local income taxes (see instructions) | | 11 0 | |
| | | 12 Scholarship and fellowship grants. Attach Form(s) 1042-S or required statement (see instructions) | | 12 0 | |
| | | 13 Business income or (loss). Attach Schedule C or C-EZ (Form 1040) | | 13 0 | |
| | | 14 Capital gain or (loss). Attach Schedule D (Form 1040) if required. If not required, check here <input type="checkbox"/> | | 14 | |
| | | 15 Other gains or (losses). Attach Form 4797 | | 15 | |
| Attach Form(s) W-2, 1042-S, SSA-1042S, RRB-1042S, and 5286-A here. Also attach Form(s) 1099-R if tax was withheld. | | 16a IRA distributions | | 16b Taxable amount (see instructions) | |
| | | 17a Pensions and annuities | | 17b Taxable amount (see instructions) | |
| | | 18 Rental real estate, royalties, partnerships, trusts, etc. Attach Schedule E (Form 1040) | | 18 | |
| | | 19 Farm income or (loss). Attach Schedule F (Form 1040) | | 19 | |
| | | 20 Unemployment compensation | | 20 0 | |
| | | 21 Other income. List type and amount (see instructions) | | 21 0 | |
| | | 22 Total income exempt by a treaty from page 5, Schedule OI, Item L (1)(e) | | 22 | |
| | | 23 Combine the amounts in the far right column for lines 8 through 21. This is your total effectively connected income | | 23 30000 | |
| Adjusted Gross Income | | 24 Educator expenses (see instructions) | | 24 | |
| | | 25 Health savings account deduction. Attach Form 8889 | | 25 0 | |
| | | 26 Moving expenses. Attach Form 3903 | | 26 0 | |
| | | 27 Deductible part of self-employment tax. Attach Schedule SE (Form 1040) | | 27 | |
| | | 28 Self-employed SEP, SIMPLE, and qualified plans | | 28 0 | |
| | | 29 Self-employed health insurance deduction (see instructions) | | 29 0 | |
| | | 30 Penalty on early withdrawal of savings | | 30 0 | |
| | | 31 Scholarship and fellowship grants excluded | | 31 | |

Americas most wanted criminal



Al Capone

What did they eventually arrest him for?

Not reporting his TAXES!

Please do your taxes!



Thank you!