

Welcome to Tax Orientation for International Students & Scholars for the 2014 Filing Season

Marea Clarke
Paul Cullen

Volunteer Requirements

- We are a VITA site with IRS
 - Specialized training for volunteers
 - Defined process for doing returns
 - Support from IRS and Minnesota Revenue
 - Volunteer liability protection
- Three tests
 - Standards of Conduct
 - Basic Tax
 - Foreign Student
- Signed volunteer agreement

Contacts

Paul Cullen – IRS VITA Volunteer

- Cell 612 237-4334
- PCTax@Outlook.com

Mary Kaye Jones - IRS VITA Coordinator

- Phone 651 726-1586
- mary.k.jones@irs.gov

Kerrin Lee – MDOR Volunteer Outreach Coordinator

- Phone 651 556-6607
- Kerrin.Lee@state.mn.us

U.S. Tax Rules Pertaining to Aliens

- An “alien” is anyone who is not a citizen of the U.S., either by birth or naturalization
- A “resident alien” is taxed the same as U.S. citizens
 - might also enjoy treaty benefits
 - Subject to tax on worldwide income
- A “nonresident alien” is subject to special rules
 - Limited deductions and credits
 - Taxed only on U.S. source income

Who Is a Nonresident Alien?

- A “nonresident alien” is anyone who
 - Has not been granted permanent resident status by the CIS (the “green card” test), and
 - Has not passed the “substantial presence test”
- Resident alien for tax purposes does not mean resident for immigration purposes

The Substantial Presence Test

- Generally, if an alien is physically present in the U.S. for 183 days or more during the year, the substantial presence test is met. (Use Glacier for all the rules.)
- Exception for “exempt individuals”
 - An exempt individual does not count days present in the U.S. for the purpose of the substantial presence test, and is therefore considered a nonresident alien
 - An exempt individual is *not* exempt from paying U.S. tax

Exempt Individuals

- Exempt individual defined:
 - A teacher or trainee on a J-1 or Q-1 non-student visa for the first 2 calendar years in the U.S.
 - A student on an F-1, J-1, M-1 or Q-1 visa for the first 5 calendar years in the U.S.
 - Family members on F-2, J-2, M-2 or Q-2 visas fall under the same rules
- An exempt individual is considered a nonresident alien during years of exemption

Who Is a Resident Alien?

- A student (F or J visa) present in the U.S. longer than 5 calendar yrs who passes the substantial presence test
- A teacher or researcher (J visa) present in the U.S. longer than 2 calendar yrs who passes the substantial presence test
- A nonresident or dual-status alien who is married to a resident at yr end & elects to be treated as a resident for the whole yr

Special Tax Rules for Nonresident Aliens

- Either Form 1040NR or Form 1040NR-EZ
 - Must be filed by NR aliens on F, J, M & Q visas who have income subject to tax
 - Due April 15 if taxpayer had taxable wages
- Any “exempt individual” must file Form 8843 even if they have no income
- Sent to special address: Department of the Treasury, Internal Revenue Service Center, Austin, TX 73301-0215 (P.O. Box 1303 Charlotte, NC 28201-1303 if tax is due)
- Also state M-1 Return and **possibly** M1-PR

Resident vs Nonresident Examples

- Sam, an F-1 (student) visa-holder arrived in the U.S. on June 1, 2011. Is he a resident or nonresident in 2014?
 - Answer: Nonresident
- Sam's wife came with him on an F-2 visa. She is not a student. Is she a resident or non-resident in 2014?
 - Answer: Nonresident (same as primary visa holder)

Resident vs Nonresident Examples

- Juanita, a J-1 (teacher) visa-holder arrived in the U.S. on December 30, 2011. Is she a resident or nonresident in 2014?
 - Answer: Resident
- Joan, in the U.S. on an F-1 (student) visa, is married to Bob who received a green card in 2014. If they elect to file a joint return, is Joan a resident, nonresident, or part-year resident?
 - Answer: Resident

Dual-Status Aliens

- Part yr nonresident & part yr resident
- Must follow special filing requirements
- Most commonly occurs when the taxpayer
 - enters the U.S. during the year and passes the substantial presence test
 - is an exempt individual and receives permanent resident status during the year
 - leaves the U.S. after passing the substantial presence test
- These taxpayers should see a professional

Social Security and Form 843

- Nonresident aliens on F-1 and J-1 visas do not pay social security tax
- Resident aliens do pay social security tax
- How to get a refund
 - See IRS Pub. 519, p. 43.
 - If you are not supposed to pay, ask your employer for a refund
 - If the employer refuses, file Form 843 & 8316 with the IRS
 - Forms and instructions can be found at <http://www.irs.gov/formspubs/index.html>

Items Needed to Prepare Your Tax Return

- An ID number for the taxpayer, spouse & any dependents claimed on the return
 - Social Security number
 - Individual Taxpayer Identification Number (ITIN)
- Your passport & visa numbers
- Income statements
 - Forms W-2 for wages
 - Forms 1099 for interest & dividends
 - Form 1042-S for scholarships & treaty income (Also tuition and fees statement for tuition waivers)
- Certificate of Rent Paid from your landlord
- Last year's return if you filed one

Tax Software

Glacier Tax (Does federal return only)

www.glaciertax.com

Sprintax (Does federal and state returns)

www.sprintax.com

ITIN Procedures

Below are ITIN procedures from the IRS website:

[http://www.irs.gov/uac/Newsroom/Special-Instructions-for-Student-and-Exchange-Visitor-Program-\(SEVP\)-Institutions](http://www.irs.gov/uac/Newsroom/Special-Instructions-for-Student-and-Exchange-Visitor-Program-(SEVP)-Institutions)

Other Help on the Web

- www.irs.gov
 - Download Pub. 519, Pub. 901
 - www.FORM1040NR.com
 - Includes “Foreign National Tax Guide”
 - Q&A
 - Offers tax return preparation services for international visitors for a fee
- Tax Information U of M Twin Cities Campus
- <http://www.issm.umn.edu/taxes/>

Tax Help

Tax Preparation Clinics

Training @ U of M Twin Cities 2/3 & 2/10, 6:00 – 9:00
Blegen Hall 235

U of M Orientation 2/14 - 3M Auditorium

U of M clinics – Tuesdays 6 – 9 Blegen Hall 235

& Saturdays 1 - 4 3/7 & 4/4 Wilson Library Sub Basement

MCAD 2/21

St Thomas 3/21, 4/11 1:00 – 4:00

U of M Duluth 2/25, 2/28 3/25, 3/28