



Tax Year 2018 Information for International Students & Scholars

INTRODUCTION

The Internal Revenue Service (IRS) is the United States government agency responsible for the collection of federal income taxes. All non-immigrants in F or J status (both the principal and all dependents) are required to file an individual information return if they were physically present in the U.S. during the tax year, even if they had no U.S. source income of any kind. Please be aware that there are penalties for failure to file a tax return.

Tax law in the United States is extremely complex and each individual's situation varies. It is the responsibility of all international students and visiting scholars at Rollins College to understand their own tax situation. The information provided here is intended only to give general taxpaying and reporting requirements and should not be considered financial or legal advice. Please consult the resources listed below or a personal tax or financial advisor with any questions. **Due to legal restrictions, neither the Office of International Student & Scholar Services nor the Office of Finance can advise on tax issues, answer individual tax questions, or prepare tax forms for individual students or scholars.**

DATES FOR FILING RETURNS

Tax Returns – Form 1040NR-EZ or Form 1040NR:

April 15 – This is the last day to file a federal tax return for residents or nonresidents *with* U.S. source income. Therefore, tax returns for tax year 2018 must be postmarked on or before April 15, 2019 if wages were earned. If no wages were earned as an employee, the deadline for filing is June 17, 2019.

Information Returns – Form 8843:

June 17 – This is the last day to file Form 8843 (Statement for Exempt Individuals...) for nonresidents and their dependents *without* any U.S. source income. The Form 8843 “information return” for tax year 2018 must be postmarked on or before June 17, 2019. If Form 1040NR or 1040NR-EZ must be filed, the 8843 must be sent with the 1040NR or 1040NR-EZ on or before April 15, 2019 if wages were earned from employment.

Please note that the tax year in the United States runs from January 1 to December 31 and tax returns are filed each spring for the preceding tax year. Therefore, tax returns for tax year 2018 must be filed by April 15, 2019. Before mailing, make sure to sign, date, and photocopy an exact, complete copy of the federal tax return and all accompanying documentation for your record. Certified mail provides proof that the return was filed and the date of mailing. It is recommended to maintain tax records for at least three (3) years from the date the original return is filed. If the student entered the U.S. in F-1 or J-1 status for the very first time in January 2019, the student does *not* need to file a tax or an information return until next year.

Extension of time to file: If returns cannot be filed by the due date, a Form 4868 should be filed to get an automatic 6-month extension. Form 4868 must be filed by the regular (April 15) due date, and all taxes due must be paid to avoid penalties and interest.

TAX FORMS & PUBLICATIONS

Current tax forms, instructions and various other tax publications are available from the Internal Revenue Service web site, at Internal Revenue Service locations, or by calling their toll-free forms line (see below). All forms are available in fillable PDF format at www.irs.gov and should be filled out electronically to avoid mistakes in interpreting handwriting. However, you may not e-file the 2018 Form 8843 or the 2018 Form 1040NR-EZ (most frequently used by international students). They must be mailed to the IRS. Only the 2018 Form 1040NR, can be e-filed.

International students and scholars most frequently use the following federal forms and publications. The State of FL does not impose an income tax on individuals and, therefore, FL has no personal income tax filing requirements. However, many other states do. If students or scholars were previously at another state's institution and had income in that state, they should check that state's requirements.

Form 1040NR – U.S. Nonresident Alien Income Tax Return
Form 1040NR Instructions
Form 1040NR-EZ – U.S. Income Tax Return for Certain Nonresident Aliens with No Dependents
Form 1040NR-EZ Instructions
Form 8233 – Exemption from Withholding on Compensation...
Form 8833 – Treaty-Based Return Position Disclosure...
Form 8843 – Statement for Exempt Individuals...
Publication #515 – Withholding of Tax on Nonresident Aliens and Foreign Corporations (Entities)
Publication #519 – U.S. Tax Guide for Aliens
Publication #597 – Information on the United States-Canada Income Tax Treaty
Publication #901 – U.S. Tax Treaties
Publication #970 – Tax Benefits for Education
Publication #1915 – Understanding your ITIN
Form W-7 – Application for IRS Individual Taxpayer Identification Number (ITIN)

TAX RESOURCES & ASSISTANCE

The IRS can provide necessary tax forms and publications, and may also be able to answer tax questions:

Internal Revenue Service
<http://www.irs.gov>
Phone: 1-800-829-1040 [for tax information]

If filing one's own taxes, there is tax software on the market called SPRINTAX which offers tax services for international students for a small fee. \$5 Federal filing form discount code available for the first 15 uses: Spx2018ROF5 the website can be found here:

<https://sprintax.com/rollins-college>

Additionally, there is another website GLACIER Tax Prep that may be of help. It is specifically designed for nonresident aliens and is used by international students and scholars at many schools across the country. The product is inexpensive and can be purchased from the web site below:

<https://www.glaciertax.com>

Other web sites that are particularly helpful to nonresidents doing their own taxes are listed below:

<http://www.form1040nr.com/foreignnationaltaxguide.php>

<https://tax.thomsonreuters.com/products/brands/onesource/onesource-nonresident-alien-taxation/>

It is also possible, of course, to seek advice from professional tax preparers or accountants who will charge fees for services. However, only a small number of tax specialists are familiar with tax issues particular to international students and scholars. Students should identify as a Rollins College international student or scholar and ask for someone experienced in nonresident taxation. Students may want to ask friends, fellow students, or acquaintances for recommendations.

Although the Office of International Student & Scholar Services does not endorse any firm or accountant, other students have successfully used the accounting firm of H&R Block. The following location handles nonresident tax returns. There may also be other offices throughout the area.

H&R Block

Block Advisors

2205 Aloma Avenue

Winter Park, FL 32789

Schedule a tax appointment: 407-671-0999

http://www.hrblock.com/universal/office_locator.html

WHERE TO SEND TAX FORMS

Federal Form 8843 (if you are not filing Form 1040NR or 1040NR-EZ):

Department of the Treasury
Internal Revenue Service Center
Austin, TX 73301-0215
U.S.A.

Federal Forms (8843 and 1040NR or 1040NR-EZ) if you are not enclosing a payment:

Department of the Treasury
Internal Revenue Service Center
Austin, TX 73301-0215
U.S.A.

Federal Forms (8843 and 1040NR or 1040NR-EZ) if enclosing a payment:

Internal Revenue Service
P O Box 1303
Charlotte, NC 28201-1303
U.S.A.

SOCIAL SECURITY NUMBERS

A Social Security number (SSN) is a taxpayer identification number issued by the branch of the U.S. government that takes care of old-age pensions, called the Social Security Administration. A Social Security number does *not* represent permission to work and is *not* proof of U.S. citizenship or permanent residency. International students and scholars have restrictions on applying for an SSN and should consult with the Office of International Student & Scholar Services on how to apply.

Individuals legally paid wages in the U.S. must have an SSN for their employer to report income to the IRS and for the individual to file a U.S. income tax return. Individuals who are not paid wages in the U.S. but are in a visa status that permits certain types of employment (i.e. J-1, J-2), should also obtain an SSN. Once obtained, that SSN is valid for a person's entire life and therefore may be used during subsequent visits to the U.S.

To obtain an SSN, students must apply in person at a local Social Security Administration office. Applications require evidence of all original visa documentation including passport, Form I-94 (www.cbp.gov/i94), and Form I-20 or DS-2019, as well as proof of a job offer or secured employment. It currently takes anywhere from 2-4 weeks from the date of application to receive a Social Security card via mail.

Be certain to obtain a receipt from the Social Security Administration office as proof of application. Upon receipt of a new SSN, be sure to review it carefully for accuracy.

ITIN: INDIVIDUAL TAXPAYER IDENTIFICATION NUMBERS

The IRS has a substitute for individuals who are not eligible to obtain a Social Security number, known as the Individual Taxpayer Identification Number (ITIN). If students or their dependents in the U.S. do not qualify for a SSN (F-2s or H-4s, for example), they may apply to the IRS for an ITIN (using the application Form W-7). An ITIN or SSN is needed to file U.S. income tax forms.

Students should *not* apply for an ITIN if they have an SSN or are eligible for an SSN. If students obtain an ITIN and are subsequently granted work authorization by the Immigration Service, they will need to apply for a SSN. They must use the SSN on all future tax returns and notify the IRS so their ITIN can be "retired". Please note that an ITIN does *not* represent permission to work and is *not* proof of U.S. citizenship or permanent residency. Effective January 1, 2013, Individual Taxpayer Identification Number(s) (ITIN) issued on or after January 1, 2013, will expire on December 31 five years after the ITIN was issued.

If students are not eligible for a SSN, and need an ITIN to file a return, they can use Form W-7 to apply for the ITIN and mail it with their 2018 tax return. Once they receive an ITIN, they should contact the Bursar and tax offices to update tax records accordingly. In some cases, students from tax treaty countries may be able to use the ITIN to claim tax treaty benefits and reduce future tax obligations. If applying for an ITIN, please contact the OISSS for assistance.

SUMMARY OF TAX OBLIGATIONS

All F and J visa holders (students, short-term scholars, professors, researchers, trainees, etc.), are considered nonresident aliens for U.S. federal tax purposes for an initial period ranging from 2-5 years. These individuals must file a 1040NR or 1040NR-EZ federal tax return if they have U.S. income subject to tax. Nonresident alien students and trainees who are temporarily in the U.S. under an F, J, M, or Q visa and who have no income subject to U.S. tax, do not have to file Form 1040NR or 1040NR-EZ. **However, they must still file Form 8843.**

International students and scholars who are studying, teaching or engaged in research activities in the United States are subject to federal income taxation. Some visa holders are also subject to the Social Security and Medicare taxes (referred to as FICA taxes) on wages earned by themselves or family members. The following is a general summary of the basic rules applicable to the typical international student or scholar.

Please Note: It is important to remember that everyone's tax liability is unique and thus should be analyzed individually. Keep in mind that a friend's case may be very different from one's own!

Federal Income Tax Requirements:

The U.S. tax treatment of international students and scholars and their families depends chiefly on their status as Resident Aliens or Nonresident Aliens (for U.S. tax purposes) and the type of income they receive. In some circumstances, country of origin may also play a part.

A. Determining U.S. Tax Residency Status

A student entering the U.S. in F-1 visa status is automatically considered to be a “nonresident alien for tax purposes.” A visiting student present in the U.S. in F-1 or J-1 visa status will be considered a nonresident alien for the first five (5) or two (2) calendar years, respectively, while in the U.S. At the end of five (or two for J-1) tax years, the status changes to “resident alien for tax purposes,” if the student meets the substantial presence test (see below) in the sixth or third tax year, respectively. Please note that students will *not* be notified of this change in tax status; they must keep track of it themselves. If one wishes to retain the nonresident alien status for tax purposes, one must apply to the IRS for ongoing exemption.

A visiting scholar (i.e. professor, researcher, short-term scholar, etc.) in J-1 visa status will generally be considered a “nonresident alien for tax purposes” for only two (2) tax years. At the end of two calendar years, the scholar becomes a “resident alien for tax purposes,” if the substantial presence test (see below) is met in the third calendar year.

As a rule, all persons, including H-1 visa holders, who are physically present in the United States for more than 183 days (counting all days in current year and a percentage of days in the preceding two years) are presumed to be resident aliens for tax purposes. This is described as the "substantial presence test" in IRS Publication #519 – U.S. Tax Guide for Aliens. Exceptions to this rule are noted above. Persons entering the U.S. on a permanent resident/immigrant visa are “resident aliens for tax purposes” upon arrival.

Please note that a tax year is a calendar year (January 1 - December 31), not a 12-month period. Therefore, if an international student entered the United States to begin his studies on August 28, 2018, then 2018 is the first calendar year and 2019 will be the second calendar year. There are provisions for dual status years, most commonly the year of arrival and year of departure. These tax rules are somewhat complex and are discussed in IRS Publication #519 – U.S. Tax Guide for Aliens.

Please Note: A resident alien for tax purposes is *not* the same as a resident alien in immigration terms. A resident alien in immigration terms means having a “green card” and permanent residency of the United States. A resident alien for tax purposes means only that one is taxed on the same basis as American citizens, rather than based on being a temporary, short-term alien.

B. Taxation of Nonresident Aliens

Nonresident aliens for tax purposes file a tax return on Form 1040NR or 1040NR-EZ and are taxed only on U.S. source income, not on income earned in other countries. More precisely, they are taxed at graduated rates on income considered to be "effectively connected with a U.S. trade or business." Examples of "effectively connected income" are wages and salary, compensation for personal services, taxable fellowship or scholarship grants, and rent (if proper election is made). All students and scholars are automatically considered to be effectively connected with a U.S. trade or business for tax purposes.

However, persons filing as nonresident aliens generally may not take U.S. standard deductions nor claim their spouse and/or children as dependents (except for Canada, India, Mexico, and South Korea).

Other U.S. source income, which is not effectively connected with a U.S. trade or business is generally taxed at the 30% or lower treaty withholding rate. Examples include investment income, annuities, and rental income (unless treated as effectively connected). Interest earned by nonresident aliens from a U.S. bank account is normally not taxable.

C. Taxation of Resident Aliens

Resident aliens for tax purposes file a tax return on Form 1040, 1040A or 1040EZ and are taxed like U.S. citizens. This means that all income is taxed, including income from other countries. Residents generally may take the same exemptions and deductions that U.S. citizens take, but they may not take advantage of tax treaty benefits in most cases.

D. Filing Returns

All F and J visa holders exempt from counting days under the substantial presence test (that is, during the first five tax years for students and first two years for scholars), must file a Form 8843 Statement for Exempt Individuals. Those not required to file a Form 1040NR or 1040NR-EZ must complete and sign Form 8843 and mail it separately to the Internal Revenue Service (IRS). This is an "information return" and all nonresidents in F and J status with no U.S. source income from employment must file this form by June 17, 2019. All F-2 and J-2 dependents must also file Form 8843 (a separate form for each dependent) even if there has been no income generated during the tax year.

All nonresidents in F and J status who have U.S. source income subject to withholding must file an annual tax return any time after January 1 and before April 15, 2019. Those required to file a tax return should use form 1040NR or 1040NR-EZ and must attach Form 8843 to the return being filed.

Please remember that any portion of a Rollins College scholarship or assistantship beyond the cost of qualified tuition, required fees and books (or any specifically for personal living expenses like room and board/housing) is considered taxable income unless it is exempted by a tax treaty. All income, including income exempt from taxation by a tax treaty, must be declared on a tax return.

Obtaining Refunds: In many cases, international students and scholars may be due a tax refund. The United States, like all countries with a modern tax administration, requires employers and other so-called 'withholding agents' to withhold taxes on wages earned by employees and other types of income paid to non-employees. The amount withheld is an estimate of the tax that will be due. Withheld tax can exceed the amount of tax due, especially for persons working only a portion of each year.

At the end of each tax year, the employer gives each employee a Form W-2 stating the amount of wages paid and tax withheld from wages, or a Form 1042-S stating the amount of treaty exempt wages paid with no withholding. Withholding agents give other recipients a Form 1042-S stating taxable scholarship or

other income paid and taxes withheld during the previous year. The IRS or federal copy of Forms W-2 and/or 1042-S are submitted with the tax return. If the amount withheld during the year exceeds the tax liability owed, the IRS will send a refund check for the balance.

Paying Taxes: It might turn out, however, that additional taxes are owed to the U.S. government. This may be especially true for those filing as nonresident aliens on the 1040NR. Since nonresident aliens must list itemized deductions separately (i.e., cannot use the standard deduction), they may not receive all the tax benefits or credits a resident could claim. As such, this increases the amount of taxes owed. If enough taxes were not withheld during the tax year, additional taxes would have to be paid. It is very important to pay this amount by the April 15, 2019 deadline, since late payments incur interest and penalties.

Keep copies of Forms W-2, 1042-S and other records that substantiate the amounts of income and expense reported on a tax return.

Reminder: Make sure to keep a photocopy of the federal tax return and all accompanying documentation. Certified mail provides proof that a return was filed and the date of mailing. It is recommended that to maintain tax records for at least three (3) years from the date of filing original return.

E. Audit

Tax returns will be subject to mathematical verification by an IRS computer. If the deductions or exemptions claimed appear irregular, the return may be selected for audit by IRS review agents. A person filing a false return, whether fraudulently or in error, is subject to fines and, in severe cases, to criminal prosecution. Aliens filing a false return may lose their visa and may be precluded from remaining in or returning to the U.S.

Tax Exempt Income:

There are three types of income for a student or scholar that may not be fully taxed, as listed below.

A. Scholarships, Grants and Fellowships

Under U.S. law, genuine scholarships, grants or fellowships up to certain limits are not taxable to the recipient. A scholarship is an amount paid for the benefit of an individual to aid that person in pursuing studies or research at an educational institution. Scholarship awards for qualified expenses such as tuition, fees, and books, are not subject to federal income tax, state income tax, or Social Security tax. The award cannot be paid principally for the benefit of the grantor and thus cannot require teaching of classes, laboratory research activities, or any assigned work as a condition of the award. Therefore, teaching and research assistantships at Rollins College are not considered scholarships and are subject to tax.

B. Tax Treaties

Tax treaties are complicated, and their provisions differ in small but important details. The mere existence of a tax treaty does not mean that each individual student or scholar is covered by its provisions. It is the student's responsibility to read the treaty that pertains to the student's country to learn if it applies. For more information, see IRS Publication #901 – U.S. Tax Treaties (or IRS Publication #597 for Canadians), or seek guidance from a tax expert.

Many tax treaties provide exemptions from U.S. income tax for individuals who teach or engage in research in the U.S., and some students are exempt as well. However, certain treaties stipulate that if the individual's two-year or five-year exemption period is exceeded, the entire exemption is lost retroactively. Students and scholars who believe that their employment income is exempt from taxation (and therefore from withholding) must file a Form 8233 with the payroll or other designated office of their employer or withholding agent in order to qualify for exemption from withholding. If the employer or withholding agent is unable to honor the request for treaty benefits, students and scholars may claim the benefits on their U.S. income tax returns. For more information, see IRS Publication #515 - Withholding of Tax on Nonresident Aliens and Foreign Corporations.

Social Security and Medicare Taxes:

The United States, like many other countries, imposes a payroll tax to pay for old-age pensions and certain medical benefits. Most wages, up to a federally established ceiling, are subject to tax. No exemptions or deductions are allowed. The tax is popularly known as the "Social Security tax," but its technical name is the Federal Insurance Contributions Act tax, or "FICA." Individuals employed in the United States must pay this FICA tax, which includes the Social Security and Medicare taxes. All U.S. employers automatically withhold this tax from their employees' paychecks and are required to pay a matching amount to the government.

International students or visiting scholars in F or J visa status **are exempt from Social Security tax** and should *not* have FICA taxes withheld from their pay during the first five (5) or two (2) calendar years, respectively, if:

- They are considered a nonresident for U.S. income tax purposes (see above)
- Their income is earned in connection with the objectives for which they were admitted to the U.S.
- They have received official employment authorization from the Office of International Student & Scholar Services at Rollins College or from the U.S. Citizenship and Immigration Service

It is the responsibility of students and scholars to advise their employer if the above-mentioned exemptions apply to them. Any Social Security tax paid in error should be refunded in the calendar year it has been erroneously deducted. Please note that members of a student's or scholar's family (i.e., J-2 visa holders) and H-1 visa holders are not exempt from Social Security tax and are therefore subject to FICA withholding. Please see IRS Publication #519 for details.