

Tax Time 2006

General Personal Tax Filing Info for Foreign Students

Norma Castillo Casas

Business and Financial Affairs
Administration Building, Room AD-320
(619)594-4667
ncasas@mail.sdsu.edu



Introduction

The U.S. Department of Homeland Security (DHS) and the Internal Revenue Service (IRS) :

- Have one set of rules for hiring and paying U.S. citizens and Resident Aliens (RAs)
- Have another set of rules for Foreign Nationals (aka Non-Resident Aliens or NRAs)
- Members of all three groups (US, RA, NRA) must file a US tax return by Apr. 15th each year.

Agenda

- Scope of this Presentation
- Common Misconceptions and Alerts
- Getting Started, what you need to know
- Who's an NRA, Substantial Presence Test
- What is your reportable income
- Any tax treaty benefit?
- Forms you may receive
- Filling out tax forms
- Resources

SCOPE of this Presentation

- General Federal (U.S.) Personal Income Tax Return Information
- Nonresident Alien (“NRA”) emphasis (NOT Tax resident)
- Only compensation and (taxable) scholarship income
- Year 2005 Form 1040NR-EZ

Outside Scope (NOT COVERING...)

- Details of any specific tax treaty and whether you qualify
 - Including when treaty may apply to a tax resident
- Any FICA tax matter (social security & medicare)
- Other types of income such as Stocks/Dividends gain/losses, etc
- Information relevant to having tax dependents
- State (California) income tax

Common Misconceptions

- Foreigners don't pay U.S. tax
- Don't have to file taxes

ALERTS and Personal Obligations

- Filing/Completion of tax return
- Seeking your own tax advice
- Everyone's situation could be different
 - Even if from same country
- Filing taxes now could have an impact later
 - DHS matters
- Norma cannot assist you in reviewing or completing your tax return.

Getting Started

You should definitely file an income tax return if...

- You had U.S. source income and
- Tax treaty applies or
- Tax was withheld from payment or
- You suspect you may owe tax

- **Form 8843** is not an income tax return but is a form that should be filed so that IRS knows of your status as “exempt” for purposes of Substantial Presence Test **REGARDLESS** of whether you had income.
 - First 5 years as F-1

What are the steps for filing a tax return?

- STEP 1: What are you, NRA or RA?
- STEP 2: What is your reportable income/scholarship amount?
- STEP 3: Is there a tax treaty with your country that you can take advantage of (with your type of income)?
 - Sometimes tax treaties give a tax break only on certain types of income (e.g., non-qualified scholarships are exempt but not wages)

Step 1:
What are you, NRA or RA?

Who is a NRA?

- A foreign national (non-US citizen), **NOT** a “green card holder”, who has not passed the Substantial Presence Test (SPT)
 - “Less than 183 days” (will cover later)

- Files 1040NR-EZ or 1040NR

Who is a RA?

- A foreign national (non-US citizen) who has passed the Substantial Presence Test (SPT)
 - “Greater than or equal to 183 days” (will cover later)
- “Green card” holder is also a RA

- In general, Treated the same as U.S. citizen for tax purposes
 - Should file a Form 1040 (or 1040-EZ)
 - May be entitled to other U.S. citizenship deductions such as standard deduction, and Education Credits



Substantial Presence Test...

- Based on how many days [you] were physically present in the U.S. this year, and prior 2 years
- Fraction of # of days of year 1, bigger fraction of year 2, 100% of days in the U.S. this year, add them all up...
- 183 is magic number
- But of course there's exceptions and some quirks as well!

Determining U.S. tax Residency Status for current year

Is the individual an NRA for US tax purposes?

- Substantial Presence Test (“S.P.T.”) – two part test
 - at least 31 days in current year, and
 - 183 “weighted” days in 3 years

	Number of Days		Total
Current Year	_____		_____
1 st Preceding Year	_____	Divide by 3	_____
2 nd Preceding Year	_____	Divide by 6	_____
TOTAL			_____

<183 = NRA

=> 183 = Resident Alien

Example of Substantial Presence Test—Residency this year (2006)



- Substantial Presence Test – two part test
 - at least 31 days in current year, and
 - 183 “weighted” days in 3 years

	Number of Days		Total
Current Year 2006	<u>45</u>		<u>45</u>
1 st Preceding Year	<u>210</u>	Divide by 3	<u>70</u>
2 nd Preceding Year	<u>360</u>	Divide by 6	<u>60</u>
TOTAL			<u>175</u>

This person is a ***Nonresident Alien***

Tax Analyst uses Windstar and the Foreign National Information Form for this analysis and Tax Treaty analysis as well.

Exceptions...

“Exempt individuals”

- F-1 or J-1 students are Exempt from counting days (for SPT) for first 5 years* under F-1/J-1 student visa
- So within these first 5 years*, F-1/J-1 students are automatically NRAs.
 - *For J-1 NON-Students the rule is 2 yrs instead of 5, generally
- Exempt from counting days, not Exempt from tax


Substantial Presence Test Example (2005 Calendar Year—Year of Tax Return)

- F-1, who first entered the U.S. on Dec 30, 2000:
Was here every semester since arriving,
left for 2 months in summer each year.

2000- Yr 1	2003- Yr 4
2001- Yr 2	2004- Yr 5
2002- Yr 3	



- Substantial Presence Test – two part test
 - at least 31 days in current year, and
 - 183 “weighted” days in 3 years

	Number of “Countable” Days		Total
2005 Tax Year	<u>300</u>		<u>300</u> 
1 st Preceding Year	<u>0</u>	Divide by 3	<u>0</u> .
2 nd Preceding Year	<u>0</u>	Divide by 6	<u>0</u> .
TOTAL			<u>300</u> .

This person is a **Resident Alien** for Tax Year 2005

Step 2:
**What is your reportable
income/scholarship amount?**

Step 2: What is your reportable income/scholarship amount?

WHAT IS MY INCOME?

- Understand tax terminology and words such as
 - Gross income
 - Taxable income
 - Reportable income
 - Exempt income (or “non-taxable” or “excluded” or “tax free”)
 - US source income
- Understand the type of income you earned and what is the IRS income code it would fall under
 - Referring to back of IRS Form 1042-S
 - Also listed in Publication 901
- For scholarship recipients, understand what is a non-qualified scholarship (therefore reportable)

Step 2: What is your reportable income/scholarship amount?

Glossary of Tax Terminology

- Gross income:
 - Biggest bucket which can include both taxable and nontaxable income
 - Commonly used loosely, can be reportable or non-reportable, depending on context
- Reportable income: IRS gets this information
- Exempt income: reportable income, not subject to tax
 - Sometimes also referred to as “excluded” income or ‘tax exempt’ or “non-taxable” or “tax free”
- Taxable income: income subject to tax
- “Income” for this presentation, usually is reportable income

Step 2: What is your reportable income/scholarship amount?

Glossary of Tax Terminology...

Reportable Income

- Required to be reported to the IRS (either by you or who pays you) but sometimes not necessarily taxable. For example gross income amount (Box 2) on 1042-S (or Box 1 of W-2) is also reportable but not necessarily taxable.
- “US source” income is reportable (i.e., services were rendered by you in US soil paid by American payor).
- **Income earned by NRA for services performed outside the US is NOT reportable,**
- “effectively connected”
- Some scholarships (those that are “qualified”) are not reportable

Step 2: What is your reportable income/scholarship amount?

Type of income and IRS Code

- IRS codes are found on the back of Form 1042-S (or on front Box 1 if you received a 1042-S) or in Publication 901, but here are most common...

Types of Income most common to NRA students

- Wages—from job (on or off-campus)
 - **Compensation for dependent personal service (Code 17)**
 - **Compensation for teaching (Code 18)**
 - **Compensation for studying and training (Code 19)**
- Other
 - **Scholarship or fellowship grants (Code 15)**

Step 2: What is your reportable income/scholarship amount?

Scholarships-taxable and nontaxable

- For IRS purposes, a tuition/fee “waiver” is a scholarship when no services are required.
- “Qualified” scholarship is NONtaxable
- Qualified Scholarships are non-reportable.
- Qualified scholarship is one where
 - Amount used for tuition and other course-related required expenses
 - Fees, books, supplies, and equipment (mandatory, not optional)
 - Recipient is degree candidate
- Anything not considered “qualified” is TAXABLE
 - EXAMPLE: Room and Board
- If you received an SDSU 1042-S for scholarship, this was a non-qualified (Taxable) portion ONLY
- Without a tax treaty benefit, non-qualified scholarships are reported on Line 5 of Form 1040NR-EZ

Step 2: What is your reportable income/scholarship amount?

Scholarships-taxable and nontaxable “Numbers” Example

SPRING 2005

10283	Athletic award
250	Other scholarship
<u>0</u>	<u>Tuition Waiver</u>
10533	Total Scholarship(s)
1468	Reg.Fees
4068	Tuition (12 units @\$339/unit)
<u>0</u>	<u>Books/Supplies (books loaned)</u>
5536	Total “QUALIFIED” scholarship (non taxable, “excluded,” “Tax-exempt”)
<u>4997</u>	Non-qualified/Taxable


Step 2: What is your reportable income/scholarship amount?

Did you get Form(s) W-2 or 1042-S?

- Reportable: Add these all up
 - Box 1 of Form(s) W-2
 - Box 2 of Form(s) 1042-S
- Exempt Income: Income not subject to tax because of a treaty.
 - Do you know what it is?
- Taxable Income: Subtract exempt income from reportable income and you have your taxable income (before standard deduction and personal exemption) . . .
 - This usually goes on line 3, *wages, salaries, tips* of 1040NR-EZ (except for scholarships)

Step 2: What is your reportable income/scholarship amount?

Did you get Form(s) W-2 or 1042-S?

a Control number		OMB No. 1545-0008		Safe, accurate, FAST! Use  Visit the IRS website at www.irs.gov/efile .	
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 Employee's social security number		9 Advance EIC payment	10 Dependent care benefits		
e Employee's first name and initial Last name		11 Nonqualified plans		12a See instructions	
		13 <input type="checkbox"/> Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay	12b See instructions		
		14 Other		12c See instructions	
f Employee's address and ZIP code		12d See instructions			
15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local in

Form **W-2** Wage and Tax Statement **2005** Department of the Treasury
 Copy B—To Be Filed With Employee's FEDERAL Tax Return.
 This information is being furnished to the Internal Revenue Service.

Form 1042-S		Foreign Person's U.S. Source Income Subject to Withholding			2005		OMB No. 1545-0096	
Department of the Treasury Internal Revenue Service		<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED <input type="checkbox"/> PRO-RATA BASIS REPORTING		Attach to any Federal tax return you file		Copy C for Recipient		
1 Income code	2 Gross income	3 Withholding allowances	4 Net income	5 Tax rate	6 Exemption code	7 U.S. Federal tax withheld	8 Amount repaid to recipient	
9 Withholding agent's EIN ▶ <input type="checkbox"/> EIN <input type="checkbox"/> QI-EIN				14 Recipient's U.S. TIN, if any ▶ <input type="checkbox"/> SSN or ITIN <input type="checkbox"/> EIN <input type="checkbox"/> QI-EIN				
10 WITHHOLDING AGENT'S name and address (including ZIP code)				15 Recipient's country of residence for tax purposes		16 Country code		
11 Recipient's account number (optional)				12 Recipient code		17 NONQUALIFIED INTERMEDIARY'S (NQI's)/ FLOW-THROUGH ENTITY'S name		
				18 Country code				
13 RECIPIENT'S name (first name, initial, and last name), street address, city or town, province or state, and country (including postal code)				19 NQI's/Flow-through entity's address				
				20 NQI's/Flow-through entity's TIN, if any ▶				
13 RECIPIENT'S name (first name, initial, and last name), street address, city or town, province or state, and country (including postal code)				21 PAYER'S name and TIN (if different from withholding agent's)				
				22 State income tax withheld		23 Payer's state tax no.		24 Name of state

Form **1042-S** (2005)

Step 2: What is your reportable income/scholarship amount?

Big Picture—Taxable Income

Wages + Non-qualified Scholarships

-(Minus) Exempt income because of tax treaty

-(Minus) Standard deduction (INDIA only)(~5000)

-(Minus) Personal Exemption (3200)

=(Equals) Taxable Income

Compute Tax from Tax Tables

-(Minus) Federal Tax Withheld

=(Equals) Overpayment/Refund OR Tax Due

Step 3:

Is there a tax treaty with your country that you can take advantage of?

Step 3: Is there a tax treaty with your country that you can take advantage of?

Publication 901, U.S. Tax Treaties

- Get familiar with the terms and provisions which affect your country
- Look at tables at the back for detailed info such as the Treaty Article Citation
 - You will need Article # for Page 2 Item J of 1040NR-EZ
- If you worked for an academic dept, or Foundation, someone may have met with you and told you if you were eligible for a tax treaty and what amount
 - Likely filled out a Form 8233 or W-8BEN
 - Your paycheck not subject to federal tax usually up to an amount

Step 3: Is there a tax treaty with your country that you can take advantage of?

Tax Treaty Country

- Resident of country of treaty not necessarily just citizen of that country
- The application of treaty benefit is usually determined by where the person resided immediately before entering the U.S.

Step 3: Is there a tax treaty with your country that you can take advantage of?

Treaty exempt income on 2005 Form 1040NR-EZ

- Wages and Scholarships
 - Page 1 Line 6
 - Page 2 Item J

Other Tax Forms YOU may receive

Other Tax Forms you may receive

Besides the Form W-2, and/or 1042-S, you may also receive:

- Form 1099-INT (interest, not taxable to an NRA)
- Form 1098-T (tuition paid, generally used by those claiming an education credit, therefore generally only relevant to RAs)—NRAs can for the most part, disregard
- Form 1099-MISC—for NRAs this should have been a 1042-S for independent services, considered business income (may have to file the “long form” 1040NR)
- Other 1099s, state refund?

FILLING OUT TAX FORM(S)

Tax Forms for you to File

- Form 1040NR-EZ
- Form 8843
 - Helps IRS keep track of your Substantial Presence Test
 - First five years present in U.S. as F-1/J-1 student
- Form W-7, Request for ITIN (Individual Taxpayer Identification Number)
 - If you don't have either a SSN or an ITIN already

Form 1040NR-EZ Line 3

- Line 3 Wages, salaries, tips etc.
 - Taxable (non-treaty exempt) wages
 - Example 1-Treaty (more than treaty):
 - You earned \$5600 total but your treaty allows for \$5000 tax free. Line 3 should show \$600.
 - Example 2- Treaty (less than treaty):
 - You earned \$4800 total and your treaty allows for \$5000 tax free. Line 3 should show \$0.
 - Example 3-No Treaty:
 - You earned \$700 and there's no treaty for you. All amount, \$700, goes on line 3

Form 1040NR-EZ Line 5

- Line 5 Scholarship and fellowship grants.
 - This line is only for NON-TREATY non-qualified (taxable) portion of your scholarship
 - Example:
 - Room and Board portion of your scholarship if there is no tax treaty for you goes on this line.
- Line for qualified scholarships, Line 9
 - Not applicable to SDSU-issued 1042-S for scholarships
 - SDSU does not report qualified scholarships, only non-qualified (taxable)
- Need an attachment see next page

1040NR-EZ

Line 5

(Scholarship)

Attachment

When issued

1042-S by

SDSU for

scholarship

income.

Scholarship

ATTACHMENT TO FORM 1042-S

Grant Amount per 1042-S: _____

Dates Grant Cover: _____

Grantor's Name: San Diego State University

Expenses Grant Covers: Room and Board and other— NOT tuition, books and/or fees

Fill out as applicable to you

Conditions Under Which Grant Given: Academic/competitive or financial need based scholarship. No services required.



Taxable Amount of Grant: _____

Explanation: The above total reflects the amount I was awarded as a scholarship/grant in excess of Tuition, fees, book and /or required supplies and equipment paid for on my behalf.

Name: _____ Date: _____

Social Security #/ITIN _____

1040NR-EZ Line 5

(Scholarship)

University of
Texas website
Example

Attachment for
taxable
scholarship
income from
other than
SDSU.

ATTACHMENT TO FORM 1042-S

University of Texas website Scholarship Attachment Example

Grant Amount: _____ $(A) = (B) + (C)$

Dates Grant Cover: _____

Grantor's Name: San Diego State University

← Or other

Expenses Grant Covers: Tuition, books and/or fees, and/or other such as Room and Board.

Conditions Under Which Grant Given: Academic/competitive or financial need based scholarship. No services required.

Taxable Amount of Grant: _____

Tax Exempt Amount of Grant: _____

Explanation: The following expenses were paid out of my personal income for tuition, fees, books and/or required supplies and equipment.

The following amounts are declared tax-exempt:

Tuition: _____
Fees: _____
Books: _____
Total: _____

(C)

Name: _____ Date: _____

Social Security #/ITIN _____

SDSU's Form 1042-S box 2. This includes \$612 per semester (tax free) allowance for books and equipment.

SDSU's Form 1042-S box 2 scholarship recipients should not perform this calculation unless you spent more than \$612 per semester for books and equipment. Total should be reduced by \$612.

1040NR-EZ Line 5

(Scholarship)

University of
Texas website
Example

Attachment for
taxable
scholarship
income from
other than
SDSU.

March 23, 2006

EXAMPLE: ATTACHMENT TO FORM 1042-S

Grant Amount: \$5000

Dates Grant Cover: 08/15/05—12/31/05 (example)

Grantor's Name: University of Texas, Austin

Expenses Grant Covers: Tuition, books and/or fees

Conditions Under Which Grant Given: Academic/competitive or financial need based scholarship. No services required.

Taxable Amount of Grant: \$5000

Tax Exempt Amount of Grant: \$4400

Explanation: The following expenses were paid out of my personal income for tuition, fees, books and/or required supplies and equipment

The following amounts are declared tax-exempt:

Tuition:	<u> \$4000 </u>
Fees:	<u> </u>
Books:	<u> \$ 400 </u>
Supplies & Equipment:	<u> </u>
Total:	<u> \$4400 </u>

Get this figure from your fee bill.
Only required fees are used in this calculation.

In order to declare supplies and equipment as tax-exempt, the purchase of the items must be required of all students in your major.

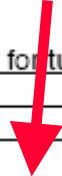
For your records, keep a copy of your fee bill and all receipts with your tax return copies but it is not necessary to send receipts with this form.

Name: _____ Date: _____

Social Security # _____

NON-SDSU taxable scholarship, possibly applicable example. DO NOT USE UNLESS you got a taxable scholarship (& perhaps a Form 1042-S) from another payor and the scholarship amt exceeds in total what you paid for tuition, fees, books, mandatory supplies/equipment.

Note blue:



Form 1040NR-EZ Line 6

- Line 6 Total wages and scholarships exempt by a treaty from page 2, Item J.
 - Should show your total income that is exempt from tax by a tax treaty
 - Lesser of
 - Your income or
 - Tax Treaty max amount

Form 1040NR-EZ Line 11

- Line 11, Itemized deductions (aka standard deduction).
 - Can disregard --Except for residents of India...

Form 1040NR-EZ Line 13

- Line 13, Exemption Deduction
 - See Exemption Deduction Worksheet in Instructions
 - In general if you don't earn more than \$100,000 you should enter \$3200 on line 13

Form 1040NR-EZ

- Line 14 Taxable Income
- Line 15 Tax from Tax Tables on pages 12-20 in Instructions
- Line 18 Federal Income tax Withheld (From Form W-2 and 1042-S)
- Line 21 Total payments
- Lines 22 or 26 (Overpayment or Amount you owe)
- Page 2, Other Information, especially Item J for treaty info

1040NR-EZ

Example

PAGE 1 of 3

This example shows a single student who had earned income of \$12,000, of which \$5,000 is exempt by treaty. In addition, he had a \$10,000 scholarship which was all taxable because his treaty did not cover scholarship income.

March 23, 2006

EXAMPLE: Student w/ scholarship income(no tax treaty), & earned income (treaty)

Form **1040NR-EZ** U.S. Income Tax Return for Certain Nonresident Aliens With No Dependents OMB No. 1545-0074
 Department of the Treasury Internal Revenue Service **2005**

Your first name and initial: **Your first name** Last name: **Your last name** Identifying number (see page 4): **Your Social Security or ITIN #**

Present home address (number, street, and apt. no., or rural route). If a P.O. box, see page 4.
Your local street address in the US

City, town or post office, state, and ZIP code. If a foreign address, see page 4.
City, State and zip code in the US

Country ▶ **U.S.A.**

Of what country were you a citizen or national during 2005? ▶ **Country of citizenship**

Give address outside the United States to which you want any refund check mailed. If same as above, write "Same."
Same

Give address in the country where you are a permanent resident. If same as above, write "Same."
Address in your home country

Filing status (see page 4). Check only one box.
 1 Single nonresident alien **Check single or married**
 2 Married nonresident alien

Please print or type.	3	Wages, salaries, tips, etc. Attach Form W-2. 3. Add all the earnings from box 1 of all W-2 Forms.	3	7000
	4	Taxable refunds, credits, or offsets of state and local income taxes (see page 5)	4	0
	5	Scholarship and fellowships. 5. Enter taxable amount of scholarship income as shown on Form 1042-S	5	10000
	6	Total wages and scholarships exempt by a treaty from page 2, Item J	6	5000
	7	Add lines 3, 4, and 5	7	17000
	8	Scholarship and fellowship grants excluded (see page 6)	8	
	9	Student loan interest deduction (see page 6)	9	
	10	Adjusted gross income. Subtract the sum of line 8 and line 9 from line 7	10	17000
	11	Itemized deductions (see page 6)	11	0
	12	Subtract line 11 from line 10	12	17000
	13	Exemption deduction (see page 6)	13	3200
	14	Taxable income. Subtract line 13 from line 12	14	13800
	15	Tax. Find your tax in the Tax Table on pages 12-20	15	0
	16	Social security and Medicare tax on tip income not reported to employer. Attach Form 4137	16	0
Also attach Form(s) 1099-R if tax was withheld.	17	Add lines 15 and 16. This is your total tax	17	1709
	18	Federal income tax withheld (from Form W-2, 1042-S, and 1099-R)	18	2100
	19	2005 estimated tax payments and amount applied from 2004 return	19	
	20	Credit for amount paid with Form 1040-C	20	
	21	Add lines 18 through 20. These are your total payments	21	2100
Refund	22	If line 21 is more than line 17, subtract line 17 from line 21. This is the amount you overpaid	22	391
	23a	Amount of line 22 you want refunded to you	23a	391
Amount You Owe	24	Amount of line 22 you want applied to your 2006 estimate		
	25	Amount you owe. Subtract if you owe taxes, make check payable to: U.S. Treasury	25	
Third Party Designee	26	Estimated tax penalty (see page 8). Also include on line 25	26	
	Do you want to allow another person to discuss this return with the IRS (see page 9)? <input type="checkbox"/> Yes. Complete the following. <input type="checkbox"/> No			
Sign Here	Designee's name	Phone no.	Personal identification number (PIN)	
	Your signature	Date		Your occupation in the United States
Paid Preparer's Use Only	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN
	Firm's name (or yours if self-employed), address, and ZIP code	EIN	Phone no.	

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and accurately list all amounts and sources of U.S. source income I received during the tax year. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature: **You must sign & date your return or IRS will not process your return** Date: **Date form prepared** Your occupation in the United States: **Student**

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see page 11 of instructions. Cat. No. 21534N Form 1040NR-EZ (2005)

1040NR-EZ Example

PAGE 2 of 3

This example shows a single student who had earned income of \$12,000, of which \$5,000 is exempt by treaty. In addition, he had a \$10,000 scholarship which was all taxable because his treaty did not cover scholarship income.

March 23, 2006

Other Information (If an item does not apply to you, enter "N/A.")

A What country issued your passport? Put the name of the country issuing your passport

B Were you ever a U.S. citizen? Yes No

C Give the purpose of your visit to the United States ▶ Example: To be a student at The University of

D Type of entry visa ▶ F-1 or J-1

and current nonimmigrant status and date of change ▶ F-1 or J-1 and n/a if current status has not ch

E Date you entered the United States (see page 9) ▶

F Did you give up your permanent residence as an immigrant in the United States this year? Yes No

G Dates you entered and left the United States during the year. Residents of Canada or Mexico entering and leaving the United States at frequent intervals, give name of country only. ▶

Example: Entered U.S. 01/02/04 Left U.S. 08/05/03 Re-entered U.S. 8/11/04

H Give number of days (including vacation and nonworkdays) you were present in the United States during 2003 0, 2004 0, and 2005 359

I Did you file a U.S. income tax return for any year before 2005? Yes No
If "Yes," give the latest year and form number ▶ If you checked yes, list the form number and year

J If you are claiming the benefits of a U.S. income tax treaty with a foreign country, give the following information. See page 9 for additional information.

- Country ▶ Enter name of treaty country
- Type and amount of income exempt from tax and the applicable tax treaty article. Enter treaty-exempt income for 2005 below and on line 6; not on line 3 or 5.
 - For 2005 ▶ Example for China: Wages \$5000, Treaty Article 20(c)
 - For 2004 ▶ Enter information here if you had treaty benefits in 2004

No scholarship treaty article for this example, but China may have scholarship treaty

• Were you subject to tax in that country on any of the income that you claim is entitled to the treaty benefits? Yes No

K During 2005, did you apply for, or take any affirmative steps to apply for, lawful permanent resident status in the United States or have an application pending to adjust your status to that of a lawful permanent resident of the United States? Yes No
If "Yes," explain ▶ If you checked yes, explain (applied for permanent residency, entered Visa Lott

1040NR-EZ Example

PAGE 3 of 3

ATTACHMENT TO FORM 1042-S

Grant Amount per 1042-S: \$10000

Dates Grant Cover: January- May 2005, August through December 2005

Grantor's Name: San Diego State University

Expenses Grant Covers: Room and Board and other— NOT tuition, books and/or fees

Conditions Under Which Grant Given: Academic/competitive or financial need based scholarship. No services required.

Taxable Amount of Grant: \$10000



Explanation: The above total reflects the amount I was awarded as a scholarship/grant in excess of Tuition, fees, book and /or required supplies and equipment paid for on my behalf.

Name: Your name Date: Date filled out

Social Security #/ITIN Your SSN or ITIN

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Example

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F-1 of J-1 Student

San Diego State University
 5500 Campanile Drive
 San Diego, CA 92182
 (619)594-1982

Grad students:
 Graduate advisor and
 Dept. info

Undergrad students:
 Dept. Chair for your
 major info

March 23, 2006

Form **8843** Statement for Exempt Individuals and Individuals With a Medical Condition
 For use by alien individuals only.

Department of the Treasury Internal Revenue Service
 For the year January 1—December 31, 2005, or other tax year beginning _____, 2005, and ending _____, 20__

OMB No. 1545-0074
2005
 Attachment Sequence No. 102

Your first name and initial _____ Last name _____ Your U.S. taxpayer identification number, if any _____
 Your first name _____ Your last name _____ Your social security or ITIN # _____

Fill in your addresses only if you are filing this form by itself and not with your tax return
 Address in country of residence _____ Your home country address _____
 Address in the United States _____ Your local address in the US _____

Part I General Information

1a. Put F-1 or J-1 and your 1st date of entry into the US as F-1/J-1 visa holder
 1a Type of U.S. visa (for example, F, J, M, Q, etc.) and date you entered the United States ▶ _____
 b Current nonimmigrant status and date of change (see instructions) ▶ Complete only if your visa type changed in 2005 _____

2 Of what country were you a citizen during the tax year? enter your country of citizenship _____
 3a What country issued you a passport? enter name of country that issued your passport _____
 b Enter your passport number ▶ enter your passport number here _____

4a Enter 2005 4a. For each of these years, enter the number of days you were physically present in the US. Do not count any days you were outside the US for any reason (trip home, vacation, research in foreign country, etc.)
 b Enter the number of days in 2005 you claim you can exclude for purposes of the substantial presence test ▶ _____
 4b. Put the number of days you were present in the US in 2005 + _____

Part II Teachers and Trainees SKIP PART II

5 Enter the name, address, and telephone number of the academic institution you attended during 2005 ▶ _____
 6 Enter the name, address, and telephone number of the director of the academic or other specialized program you participated in during 2005 ▶ _____
 7 Enter the type of U.S. visa (J or Q) you held during: ▶ 1999 _____ 2000 _____
 2001 _____ 2002 _____ 2003 _____ 2004 _____ If the type of visa you held during any of these years changed, attach a statement showing the new visa type and the date it was acquired.
 8 Were you present in the United States as a teacher, trainee, or student for any part of 2 of the 6 prior calendar years (1999 through 2004)? Yes No
 If you checked the "Yes" box on line 8, you cannot exclude days of presence as a teacher or trainee unless you meet the Exception explained on page 3.

Part III Students

9 Enter the name, address, and telephone number of the academic institution you attended during 2005 ▶ _____
 Enter the name, address and telephone number of the academic institution you attended during 2005 _____
 10 Enter the name, address, and telephone number of the director of the academic or other specialized program you participated in during 2005 ▶ Enter the name, address & telephone # of the Chair or Dean of your academic department _____
 11 Enter the type of U.S. visa (F, J, M, or Q) you held during: ▶ 7. If you were present in the US in any of the listed visa statuses, indicate which of the listed years by putting your visa status +
 2001 _____ 2002 _____ 2003 _____
 of these years changed, attach a statement showing the new visa type and the date it was acquired.
 12 Were you present in the United States as a teacher, trainee, or student for any part of more than 5 calendar years? Check yes or no Yes No
 If you checked the "Yes" box on line 12, you must provide sufficient facts on an attached statement to establish that you do not intend to reside permanently in the United States.
 13 During 2005, did you apply for, or take other affirmative steps to apply for, lawful permanent resident status in the United States or have an application pending to change your status to that of a lawful permanent resident of the United States? Check yes or no Yes No
 14 If you checked the "Yes" box on line 13, explain ▶ _____

Part IV Professional Athletes **SKIP PART IV**

15 Enter the name of the charitable sports event(s) in the United States in which you competed during 2005 and the dates of competition ▶

16 Enter the name(s) and employer identification number(s) of the charitable organization(s) that benefited from the sports event(s) ▶

Note. You must attach a statement to verify that all of the net proceeds of the sports event(s) were contributed to the charitable organization(s) listed on line 16.

Part V Individuals With a Medical Condition or Medical Problem **SKIP PART V**

17a Describe the medical condition or medical problem that prevented you from leaving the United States ▶

b Enter the date you intended to leave the United States prior to the onset of the medical condition or medical problem described on line 17a ▶

c Enter the date you actually left the United States ▶

18 Physician's Statement:

I certify that _____
Name of taxpayer

was unable to leave the United States on the date shown on line 17b because of the medical condition or medical problem described on line 17a and there was no indication that his or her condition or problem was preexisting.

Name of physician or other medical official

Physician's or other medical official's address and telephone number

Physician's or other medical official's signature

Date

Sign here only if you are filing this form by itself and not with your tax return

Under penalties of perjury, I declare that I have examined this form and the accompanying attachments, and to the best of my knowledge and belief, they are true, correct, and complete.

Sign your name
Your signature

Date form signed

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Example

PAGE 2 of 2

F-1 of J-1 Student

Form 1040NR-EZ-Attachments

- You should attach some forms to your 1040NR-EZ
 - Form 8843
- And, if applicable to you, any of the following:
 - Form W-2
 - Form 1042-S
 - Form W-7 (if you don't have a SSN/ITIN)
 - Any 1099s (not for interest though)
 - Taxable Scholarship attachment

Where to File

But first be sure to Sign and Date the Forms and keep copy for your files.

Mail to:

Internal Revenue Service Center
Philadelphia, PA 19255

Deadlines

- April 15th
- Extension available
 - Form 4868 (Automatic 3 months)
 - Form 2688 (until Oct 15—max is 6 months from 4/15)
 - NOT TO PAY TAX THOUGH
 - ONLY TO FILE A TAX RETURN
- Statute of Limitations
 - 3 years to get audited/refunded
 - Can be forever if you never file

Good Habits/Recommendations

- Keep copy for your files of anything sent to IRS
- Keep notes when you call IRS and talk to someone
 - Their IRS ID#
 - Date
 - Question, Discussion, and Conclusion
- Send via certified mail or “track”/delivery confirmation so you can have acknowledgment of receipt by IRS

Resources

- **University of Texas website on international taxes**
www.utexas.edu/international/taxes
- **IRS Website** www.irs.gov
- **IRS Publications**
 - Publication 901, U.S. Tax Treaties
 - Publication 519, U.S. Tax Guide for Aliens
 - 2004 Publication 678 FS, Foreign Student and Scholar Text, VITA Guide
- **IRS Forms and Instructions**
 - 1040NR-EZ (U.S. Nonresident Alien Income Tax Return)
<http://www.irs.gov/pub/irs-pdf/f1040nre.pdf>
 - 1040NR-EZ Instructions <http://www.irs.gov/pub/irs-pdf/i1040nre.pdf>
- **IRS Philadelphia Office**
 - Phone #: (215)516-2000
- **Tax Professionals (some websites available but this is not an endorsement)**
 - www.taxback.com
 - www.istaxes.com
- **California Franchise Tax Board**
www.ftb.ca.gov

Questions?

Norma Castillo Casas

Business and Financial Affairs
Administration Building, Room AD-320
(619)594-4667
ncasas@mail.sdsu.edu

PLEASE NOTE:

Norma is not a personal tax advisor and cannot assist with completion or review of your tax return. We hope you found information in this presentation helpful. See list of Resources for further filing information or help.

