

## **Basic Tax Information for F1 Visa Holders**

Office of Admissions (International)

## Why do I need to file a tax return in the U.S.?

Employer reports all income earned and taxes prepaid

 Proper filing may result in either a refund from or a payment to the IRS

#### What is considered income?

Sources of income may include:

- employment (on or off-campus)
- scholarships
- fellowships
- honoraria
- graduate assistantships
- practical or academic training

## **Resident vs. Non-Resident for Tax Purposes**

- Residents for tax purposes:
- U.S. citizens
- Lawful Permanent Residents (green card holders)
- Non-resident aliens for immigration purposes
- who have met the Substantial Presence Test
- Non-residents for tax purposes:
- Everyone else!

#### **Determining Tax Residency Status**

Substantial Presence Test (SPT)

- IRS formula to determine when non-resident aliens for immigration purposes have been in the United States long enough to be considered residents for tax purposes
- You may be exempt from taking the test. Exempt individuals are automatically non-resident aliens for tax purposes

# Must F &J Students Take the SPT?

- F & J students: Time spent in United States in F and/or J student status:
- 5 years or less any part of 5 or fewer calendar years, you are exempt from the SPT and automatically a non-resident for tax purposes
- More than 5 years any part of 6 or more calendar
- years, you must take the SPT to determine your tax status

Do not count 2008 in your calculation!

#### Other Visa Types that Must Take the SPT?

H-1B Temporary Workers must always take the SPT to determine their tax status
Unlike individuals in F and J status, H-1B Temporary Workers have no period of exemption from the SPT

#### **Substantial Presence Test**

- Physically present in the United States at least 31 days during 2007, and
- 183 days during the last 3 years (2005, 2006 and 2007)
- Days in 2007, plus
- Days in 2006 times 1/3, plus
- Days in 2005 times 1/6
   For purposes of the SPT, never count days in which you were an exempt individual.

#### How are Residents & Non-Residents Taxed Differently?

#### **RESIDENTS...**

- Are taxed on their worldwide income
- File the same tax form as U.S. citizens NON-RESIDENTS...
- Are taxed on U.S. source income (services performed in the United States)
- Are not required to pay taxes on interest from U.S. banks
- Are not required to pay FICA/Social Security taxes

## Forms: Non-residents for Tax Purposes

- All non-residents for tax purposes in F & J status (even if they did not earn any U.S. income in 2007):
- Form 8843
- One form for each family member
- Non-residents for tax purposes with income over \$3,400 in 2007:
- 1040NR or 1040NR-EZ
- State tax form based on where you live regardless of tax treaty benefits

#### Continued...

- Non-residents for tax purposes who earned income less than
- \$3,400 in 2007 but believe they are due a tax refund:
- 1040NR or 1040NR-EZ
- Non-residents for tax purposes who believe they are due a social security tax refund:
- IRS Forms 843, 8316 along with the non-resident tax form and all immigration documents
- Always make a copy of all forms submitted for your records.

#### **State Tax Forms**

Complete state forms based on where you live:

- Washington, DC: Form D-40 at: http://cfo.dc.gov/otr/site/default.asp
- Virginia: Form 760 at: http://www.tax.virginia.gov
- Maryland: Form 503 at: <u>http://www.marylandtaxes.com</u>

\*Don't forget to make a copy for your records!

#### **Supporting Documentation**

- W-2 Form from each employer
- Immigration documents
- If you don't pay any balance due with your tax return, you will get a bill from the IRS that may include penalties and interest!
- Make a copy of all documents for your records!

#### **Tips for Completing Form 8843**

#### Name of form

- One form for each family member
- Leave the taxpayer ID line blank if filing only Form 8843
- Address in country of residence is foreign home country
- address
- Part I: All fill out
- Part III: F & J students and dependents
- If filing both the 8843 and a tax return, mail together

#### **Do I need a SSN or ITIN?**

- Form 8843 only
- No number
- Any 1040 form
- Social Security Number (SSN) or Individual Taxpayer Identification
- Number (ITIN)
- Claiming Dependents?
- Citizens of Canada, Korea, Mexico
- Citizens of India (students only)
- If dependents are claimed, each must have a SSN or ITIN

#### When and Where to File

#### • When?

- Postmarked by April 15, 2008
- Postmarked by June 15, 2008 if outside United States
- Where?
- Consult your tax information for filing addresses by location
- State Tax Return: See instructions for address

#### **Additional Tax Resources**

- IRS Publications
- 519 Tax Guide for Aliens
- 901 Tax Treaties
- Tax Preparation Specialists

#### **Additional Questions?**

#### Please contact Mr. William Olukoya, CPA wolukoya@yahoo.com 202/320-3398