WELCOME TO THE TAX ORIENTATION FOR INTERNATIONAL STUDENTS & SCHOLARS FOR THE 2018 FILING SEASON

MAREA CLARKE
NICK MISSELT

AGENDA

• FEDERAL TAX OVERVIEW
• SPRINTAX DEMONSTRATION (FEDERAL)
• MINNESOTA STATE TAX
• MINNESOTA STATE TAX EXAMPLE
• Q&A
OVERVIEW OF THE U.S. INCOME TAX SYSTEM

- It is every person's individual responsibility to calculate and pay their own taxes.
  - Your employer withholds from your earnings an estimate of what your federal income tax and state income tax liability will be.
  - At the end of the year, you are required to complete a federal and state tax return to compute your actual liability.
  - Filing your taxes (mailing in your return) is how you tell the IRS and the state what you have calculated.
  - You may need to do this even if you owe no taxes.

- If a person is in the U.S. "long enough", they pay taxes like a citizen or permanent resident.
  - "Long enough" is complicated....

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
  - THIS TEST DETERMINES “LONG ENOUGH”
- RESIDENT ALIEN FOR TAX PURPOSES DOES NOT MEAN RESIDENT FOR IMMIGRATION PURPOSES

THE SUBSTANTIAL PRESENCE TEST

TO MEET THIS TEST, YOU MUST BE PHYSICALLY PRESENT IN THE UNITED STATES ON AT LEAST:

- 31 DAYS DURING 2018, AND
- 183 DAYS DURING THE 3-YEAR PERIOD THAT INCLUDES 2018, 2017, AND 2016, COUNTING:
  - ALL THE DAYS YOU WERE PRESENT IN 2018, AND
  - 1/3 OF THE DAYS YOU WERE PRESENT IN 2017, AND
  - 1/6 OF THE DAYS YOU WERE PRESENT IN 2016.
- SPRINTAX WILL CALCULATE THIS FOR YOU!

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 STUDENT ON AN F-1, J-1, M-1 OR Q-1 VISA FOR THE FIRST 5 CALENDAR YEARS IN THE U.S.
  - A TEACHER OR TRAINEE ON A J-1 OR Q-1 NON-STUDENT VISA WHO WAS NOT PREVIOUSLY EXEMPT AS A TEACHER, TRAINEE, OR STUDENT FOR ANY PART OF 2 OF THE PRECEDING 6 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)

RESIDENT VS NONRESIDENT EXAMPLES

• SAM, AN F-1 (STUDENT) VISA-HOLDER ARRIVED IN THE U.S. ON JUNE 1, 2015. IS HE A RESIDENT OR NONRESIDENT IN 2018?
  • 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 2018?
  • 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, 2016. IS SHE A RESIDENT OR NONRESIDENT IN 2018?**
  - **ANSWER: RESIDENT**

- **JOAN, IN THE U.S. ON AN F-1 (STUDENT) VISA, IS MARRIED TO BOB WHO RECEIVED A GREEN CARD IN 2018. 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
  - Nonresident aliens on O-2 visas do pay social security taxes

- How to get a refund
  - 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 IRS.GOV/FORMS- INSTRUCTIONS
  - Talk to us during your appointment at the clinic and we can help

CHANGES FOR TAX YEAR 2018

- Exemption
  - An amount of income you do not pay taxes on
  - Based on people
    - One exemption for yourself
    - Those from Canada, Mexico, India, and S. Korea might also get exemptions for some family members
  - Still exist, but amount reduced from $4,050 to $0

- Tax and withholding rates changed
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, along with all U.S. entry/exit dates
- Income statements
  - Forms W-2 for wages
  - Forms 1099 for interest & dividends
  - Form 1042-S for scholarships & treaty income
    - Mailed by March 15
- Last year's federal and state returns if you filed them
- For the MN property tax refund
  - Certificate of rent paid from your landlord
  - Printout of One-Stop Student Account Information
    - One-Stop, Under MYU, MY Finance, Account Activity, all activity for 01/01/18 to 12/31/18

GETTING INTO SPRENTAX

- Link to Sprintax on ISSS website:
  - HTTPS://ISSS.UMN.EDU/TAXES/
- Sprintax link is Live!
OTHER HELP ON THE WEB

- IRS.GOV
  - DOWNLOAD PUBLICATION 519 AND 901
  - DOWNLOAD FORMS 1040NR / NR-EZ AND INSTRUCTIONS

- REVENUE.STATE.MN.US
  - DOWNLOAD FORMS AND INSTRUCTIONS FOR MN INCOME AND PROPERTY TAXES

SPRINTAX & STATE RETURNS

- U OF MN HAS PURCHASED SOFTWARE (SPRINTAX) FOR YOU TO COMPLETE YOUR FEDERAL INCOME TAX RETURN
- YOU CAN COMPLETE YOUR MN STATE INCOME TAX RETURN ON SPRINTAX
  - YOU WILL BE CHARGED AN ADDITIONAL FEE FOR THIS!
- SPRINTAX MAY ALSO WANT TO CHARGE YOU TO PREPARE OTHER FORMS SUCH AS 843 OR W-7

- YOU DO NOT HAVE TO PAY TO GET YOUR TAXES DONE!
- FREE OPTIONS FOR YOUR MN STATE INCOME TAX RETURN:
  - COMPLETE IT YOURSELF WITH THE GUIDANCE FROM STATE PRESENTATION
  - MAKE AN APPOINTMENT AT THE NRVTAP CLINIC AND WE WILL HELP YOU DO YOUR MN RETURNS FOR FREE (AND CHECK YOUR FEDERAL):
    - NRVTAP.COM
NRVTAP 
FREE TAX CLINICS

**By appointment only!**

nrvtap.com
Locations will be provided on your appointment confirmation
Must have UofM email to make appointment
One appointment per person (multiple waitlist spots OK)
Identification will be confirmed during check-in

**Tuesdays:**
Feb 13 – April 10
No clinic during spring break
Appointments at 6:15pm, 6:30pm, 7:15pm

**Saturdays:**
March 3 and April 7
Appointments at:
12:00 pm, 1:00 pm, 2:00 pm

Over 70% of appointment spots already booked

We are volunteer student organization made up of students and trained tax professionals.
Our mission is to provide tax assistance to international students and scholars at the University of Minnesota.

What to bring:
- Printout of reminder email
- Printout of your Sprintax federal tax return
- Photo ID (student ID, passport, driver’s license)
- All income documents (W-2, 1042-S, 1099)
- Prior year federal and state returns

If you want to file MN property tax refund
- Certificate of Rent Paid
- Printout of your 2017 One-Stop account statements
- One Stop, under MyU, My Finances, Account Activity, all activity for 01/01/18 to 12/31/18

Don’t be late!
- We will give your appointment away to those on the waitlist

NRVTAP 
FREE TAX CLINICS

Don’t be late!
- We will give your appointment away to those on the waitlist
SPRINTAX & STATE RETURNS

- DO YOU WANT TO PAY SPRINTAX TO DO YOUR STATE RETURN?

Check this box if yes
Uncheck this box if no

SPRINTAX & MN PROPERTY TAX REFUND

- DO YOU WANT TO PAY SPRINTAX TO DO YOUR PROPERTY TAX RETURN?

Check yes or no
SPRINTAX & OTHER TIPS

• CAN'T FIND YOUR COPY OF YOUR PRIOR YEAR FEDERAL RETURN?
  • IRS.GOV/NEWSROOM/GET-PRIOR-YEAR-TAX-INFORMATION-FROM-THE-IRS

• CAN'T FIND YOUR COPY OF YOUR PRIOR YEAR STATE RETURN?
  • WWW.REVENUE.STATE.MN.US/INDIVIDUALS/INDIVIDUAL_INCOME/PAGES/REQUESTING_COPIES_OF_PREVIOUS RETURNS.ASPX

SPRINTAX & OTHER TIPS

• DID YOU GET A STATE TAX REFUND LAST YEAR?
  • ENTER IT ON: STEP 3, LET'S TALK MONEY, ADDITIONAL TAX FILING INFORMATION, PREVIOUS US TAX RETURNS, YES YOU FILED A STATE TAX RETURN BEFORE, AND YES YOU HAD AN OVERPAYMENT (REFUND)
  • NOT SURE HOW MUCH IT WAS?
    • HTTPS://WWW.MN.DOR.STATE.MN.US/1099/?RESET=1

• DID YOU OWE MORE STATE TAX LAST YEAR?
  • ENTER IT AT: STEP 4, OFFSET YOUR EXPENSES, OTHER EXPENSES, ANY OTHER EXPENSES, STATE AND LOCAL TAXES PAID IN 2018 FOR PRIOR TAX YEAR (2017)
SPRINTAX & OTHER TIPS

• YOU WILL NEED TO ENTER YOUR TRAVEL DATES TO AND FROM THE U.S. IN THE RESIDENCY SECTION. FORGET WHEN THOSE WERE?
  • HTTPS://I94.CBP.DHS.GOV/I94/#/HOME
  • BE SURE TO ENTER ALL PRIOR VISIT DATES AND VISA TYPES
• IF YOU HAVE A 1042-S YOU WILL NEED TO ENTER A STATE ID NUMBER FOR THE PAYOR.
  • IF THIS BOX (17B) IS BLANK, YOU CAN ENTER 1234567
EXAMPLE #1 - LISA HUI

- F1 STUDENT FROM CHINA
- ARRIVED IN U.S. ON 8/8/2016
  - SHE WENT HOME TO CHINA 5/24/17 – 8/31/17
- LIVED OFF-CAMPUS FOR ALL OF 2018
  - QUALIFIES AS AN ABODE
- WORKED ON CAMPUS IN 2018
- FILED TAX RETURNS IN 2018:
  - 2017 FEDERAL 1040NR-EZ: PAID $750 IN TAX, GOT $205 REFUND
  - 2017 MN: PAID $350 IN TAX, GOT $169 REFUND
- STUDYING ACCOUNTING AT THE U OF MN
  - ADDRESS FOR ISSS:
    - 190 HUBERT H. HUMPHREY SCHOOL | 301 19TH AVE. S., MINNEAPOLIS, MN 5455
    - ISSS CONTACT: MINGZHI LI
- PASSPORT #: 123456789

EXAMPLE #1 - LISA HUI

University of Minnesota
100 University Ave
Minneapolis, MN 55145-1000

Lisa Hui
200 University Ave. #1
Minneapolis, MN 55145-1001

MN 8029894 8,000.00 400.00

Department of the Treasury - Internal Revenue Service

Form W-2 Wage and Tax Statement 2018
EXAMPLE #1 - LISA HUI

Code: 20

Income: $5,000

EXAMPLE #1 - LISA HUI

Line 1: $7,200

Line 3: $1,224