

## Welcome to Tax Orientation for International Students & Scholars for the 2017 Filing Season

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## 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

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- 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

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## Who Is a Nonresident Alien?

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- 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

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# The Substantial Presence Test

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- To meet this test, you must be physically present in the United States on at least:
  - 31 days during 2017, and
  - 183 days during the 3-year period that includes 2017, 2016, and 2015, counting:
    - All the days you were present in 2017, and
    - 1/3 of the days you were present in 2016, and
    - 1/6 of the days you were present in 2015.
- 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

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# Exempt Individuals

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- 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

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## 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

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## 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 17 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)

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## Resident vs Nonresident Examples

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- Sam, an F-1 (student) visa-holder arrived in the U.S. on June 1, 2014. Is he a resident or nonresident in 2017?
  - 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 2017?
  - Answer: Nonresident (same as primary visa holder)

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## Resident vs Nonresident Examples

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- Juanita, a J-1 (teacher) visa-holder arrived in the U.S. on December 30, 2015. Is she a resident or nonresident in 2017?
  - Answer: Resident
- Joan, in the U.S. on an F-1 (student) visa, is married to Bob who received a green card in 2017. If they elect to file a joint return, is Joan a resident, nonresident, or part-year resident?
  - Answer: Resident

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## 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

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## 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 -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 <http://www.irs.gov/formspubs/index.html>
  - Talk to us during your appointment at the clinic and we can help

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# Items Needed to Prepare Your Tax Return

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- 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
    - 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

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# Getting into Sprintax

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- Link to Sprintax on ISSS website:
  - <https://iss.umn.edu/taxes/>
- Sprintax link is not yet live
  - Will post an announcement on ISSS weekly update as soon as it is.
  - Expect it to be live early this coming week.

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## Other Help on the Web

- [www.irs.gov](http://www.irs.gov)
  - Download Publication 519 and 901
  - Download forms 1040NR / NR-EZ and instructions
- <http://www.revenue.state.mn.us/Pages/default.aspx>
  - Download forms and instructions for MN income and property taxes

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## VTAP-NR Free Tax Clinics

- By appointment only!
  - <https://www.vtap.org/nonresinfo>
  - 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 5:15pm, 6:15pm, 7:15pm
- Saturdays:
  - March 3 and April 7
  - Appointments at: 11:45am, 12:45pm, 1:45pm
- We have fewer spots this year, so book early!

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## VTAP-NR Free Tax Clinics

- What to bring:
  - Printout of 24 hour 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
- Don't be late!
  - We will give your appointment away to those on the waitlist

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## 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!
  - We do not know if Sprintax does property tax refunds
- Free options for your MN state income tax return:
  - Complete it yourself with the guidance from state presentation
  - Make an appointment at the VTAP-NR clinic and we will help you do your MN returns for free (and check your federal):
    - <https://www.vtap.org/nonresinfo>

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# Sprintax & State Returns

- Do you want to pay Sprintax to do your state taxes?

**Step 6 - State taxes**

Check this box  
if yes

We have reviewed your information and found that you need to file the following tax return/s:

Select the State Tax Return/s you would like to file

Minnesota

*If you have an access code you can enter it later on the order review page.*

Uncheck this box  
if no

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# Sprintax & Other Tips

- Can't find your copy of your prior year federal return?
  - [z.umn.edu/3a92](http://z.umn.edu/3a92)
- Can't find your copy of your prior year state return?
  - [z.umn.edu/3a56](http://z.umn.edu/3a56)

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## 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.mndor.state.mn.us/tp/1099/\\_/?Reset=1](https://www.mndor.state.mn.us/tp/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 2017 for prior tax year (2016)

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## 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

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