

TAX F.A.Q

(Frequently Asked Questions)

For International Students

Updated Spring 2014

GENERAL QUESTIONS

1. What is the I.R.S.?

Internal Revenue Service is the federal tax-collecting agency of the U.S. Government. The IRS collects taxes on income. Each April, those who overpaid taxes can file for a *tax refund*. Those who underpaid taxes have a *tax bill*.

2. What about state taxes?

States also collect taxes similar to the federal government. The State of Georgia tax agency is called *Georgia Department of Revenue*. (See # 19, 20, 26 below.)

3. I'm international, so US taxes don't apply to me, right?

WRONG. Everyone including international students, files some kind of tax form. Which one you file depends on whether you had income, not your citizenship. Relax! If you had no income, you pay no taxes (but you do send in form 8843), and if did had U.S. income and don't file proper tax forms, you won't get a refund. (See # 15 below.)

4. But Why? The US Government already knows my immigration status, right?

WRONG. The IRS is a tax agency. It's not connected with the agencies that have your immigration data, like USCIS, DHS or ICE. Therefore, you have to inform the IRS separately about your identity, purpose in the US and income, if any, in the US.

5. Can ISSO file the tax forms for me?

No. ISSO is not qualified to provide tax advice or fill out tax forms for individuals. For this reason, GLACIER TAX PREP, which is software designed specifically for international students is provided. Instructions on how to access GLACIER TAX PREP is provided by ISSO each Spring beginning in January.

6. Will GLACIER TAX PREP electronically file my tax forms for me?

No. GTP will fill-in the forms, allow you to print and save them. You should physically mail the forms in an envelope with correct postage to the IRS at the address indicated. This envelope must be post-marked by the deadline to avoid penalties and fees.

7. Do I need a Social Security Number to file a tax form?

No. You must file a tax form even if you don't have a social security number. If you obtain a job on campus, with a company (during CPT or OPT), you will need to apply for a social security card. Otherwise, you can apply for an ITIN (Individual Tax Identification Number). ISSO can help with this process.

8. I am confused. What is the difference between a “tax form” and “tax return”?

A “tax form” simply records information. A “tax return” is a process containing various tax forms that are mailed in for processing by the IRS for those who had taxable income. If you had no income, then you owe no taxes. However, IRS Form 8843 is required. Form 8843 primarily reports how many days you were present in the U.S., what your immigration status is. It’s the only form you need if you had no taxable income. A tax return determines if you paid too much. In that case, you get a *tax refund*. If you didn’t pay enough taxes, you will have a *tax bill*. Your country’s tax treaty may affect these amounts.

Ex: You are on OPT and received \$2000 cash for a freelance job. You must report that income and pay taxes on it, the same as Americans do. Waiters and bar tenders, for example, earn most of their income in cash, which they report at the end of the year, so they usually have a tax bill.

9. What is a tax treaty?

Many countries have individual tax treaties with the U.S., which allow different tax benefits on U.S. earned income for their citizens. This is students from different countries may get different refund amounts. If you file incorrectly or not at all, you will not be able to use tax treaty benefits.

10. What kind of income is taxable?

Wages, scholarships and earnings from investments.

- a. **Wages:** the most common type of income. The money that is deducted from each paycheck is an *estimated* tax pre-payment. This money is reported to the IRS and Georgia Department of Revenue via the employee’s Social Security number or ITIN.
- b. **Taxable scholarship payments:** scholarships for tuition and fees are not taxable, but scholarships for room, board, books are taxable.
- c. **Investment income:** stocks, bonds etc... but not including bank interest rarely has an amount withheld in advance. Therefore, the income tax is paid during the tax return process.

11. I arrived in the U.S. on January 1st or after of this year. Do I have to file tax forms this April?

No. April tax forms only report on the previous year, which ends December 31.

12. I arrived here December 31st, the last day of the year right before midnight! Do I have to file?

Yes. File form 8843 even if you were in the U.S. just one day last year and had no income.

13. I worked last year, but then graduated and went home. Do I have to file tax forms this April?

Yes. You should if you have plans to ever return to the U.S. Ask your employer to mail your wage statement (form W-2) to you. The IRS can mail your refund outside the U.S if you are owed a refund.

14. I had no income last year as an F1 or J1 student. Do I need to file something this year?

Yes. (See #3 above.) You must file IRS Form 8843 to declare you had no income and to report the number of days you were in the U.S. Spouses and dependents in F-2 and J-2 status must also file Form 8843.

15. So what happens if I don't file any IRS forms?

Filing tax forms is **required by US law**. One of the conditions of your visa is to comply with all US laws. If you never plan to enter the U.S again in your life, nothing will happen.

Applicants for permanent residency, also known as "green cards", or other visa types may be asked to show proof of tax filing for previous years in the U.S. If you cannot show you filed the correct forms during previous years in the US, this would delay your future visa process or make you seem unfavorable if you "failed to comply with US law". If you owe taxes and don't file, the IRS can assess penalties and interest. They can also seize U.S. bank assets for repayment. Fines and penalties can be more than what you would have owed originally, effectively doubling your tax bill.

WHICH TAX FORMS and HOW?

FEDERAL TAX FORMS

16. I was present in the US last year but had NO INCOME to declare?

File IRS form 8843

- Google: "IRS Form 8843" and look for the PDF form that ends in .gov
- Complete only sections I, III and sign. Mail to IRS.

17. I was present in the US last year WITH INCOME to declare?

File IRS form 1040NR-EZ or 1040NR and form 8843.

18. OK, so how will I know when and where to prepare the forms above?

- WATCH your Clayton State email beginning in January for simple information.
- READ the ISSO Newsletter beginning in January for simple information.
- LIKE the ISSO Facebook page for reminders beginning in January.
- VISIT the ISSO to ask in person.
- ASK for help if in doubt.

If you will be filing a tax return because you had taxable income last year:

- a. GLACIER TAX PREP is a user-friendly, culturally adapted, software created specifically for foreign nationals who are legally present in the U.S. ISSO will provide instructions on how to obtain a free access code each Spring. GTP will generate and fill-in all the forms you need based on the tax treaty with your country.

Attention: You will hear and see lots of tax service advertising each Spring for products like "Turbo-Tax", "H&R Block" etc... but these are not designed for international visa students and scholars (also known as non-residents for tax purposes.)

STATE OF GEORGIA TAX FORMS

19. Do I have to file state tax forms also?

- a. NO, if you only had to file federal form 8843.
- b. YES, if you filed federal form 1040NR-EZ or 1040NR.

- Non-residents for tax purposes may only use Georgia form 500
- Residents for tax purposes use may also use Georgia form 500EZ

20. Where do get the state forms?

After completing your federal forms, Clayton State Accounting Department can assist you to obtain the correct state forms and can help you review them for accuracy. The federal and state forms are set-up similarly. Normally, you can simply copy information from the federal form on to the state form. They are mailed to different locations though.

EMPLOYER PROVIDED TAX FORMS

21. Form W-4.

Q: When I am hired on campus or elsewhere in the US, which tax form should I fill out?

A: Form W-4, **NOT form W-9**. F1/J1 visa holders are not allowed to be employed as independent contractors, which is the purpose of the W-9. If you employer is unfamiliar with form W-4, please, let them know.

22. Form W-2.

Form W-2. This form reports Wages, hence the “W”. It also shows the amounts deducted for state and federal taxes. You will need your W-2’s to file your tax return. The W-2 should be provided to you at your address of record by all employers in the previous year. If you don’t receive a W-2, contact your employer’s payroll office and verify your address of record. You may need to request a duplicate, so plan accordingly to allow for extra time before the filing deadline.

23. Form 1042-S.

1040-S reports payments to “nonresident aliens” who are not employees, and to “nonresident aliens” who are employees but who claim tax exemption due to a treaty. Not all international students will receive this form. You should receive for 1042-S from Clayton State if you are:

- A “nonresident alien” who was employed and is exempt under a tax treaty
- Any “nonresident alien” who received a taxable scholarship/fellowship to cover anything other than tuition and fees.
- Any “nonresident alien” who received non-employee honoraria or reimbursement.

If you expected a 1040-S and don’t have it by February 18, please contact Clayton State Payroll Office.

24. Form 1098-T.

1098-T reports the amount you paid for tuition, hence the “T”. Tuition and fees are not taxes. They are the cost you pay for education. You should keep this form for your records in case you may have tax benefits in your home country.

AM I A RESIDENT or NON-RESIDENT for TAX PURPOSES?

25. How do I know, for tax purposes, if I am a resident or non-resident alien?

This depends on how long you've been physically present in the U.S. over a period of time. GLACIER TAX PREP (GTP) will ask questions to determine your residence status for tax purposes.

- **Non-resident aliens:** you can use the GTP program to prepare your tax return forms.
- **Resident aliens:** you cannot use GTP. Instead, file taxes in the same manner as U.S. citizens using the same tax preparation products you see advertised. Typically, tax treaties do not apply to resident aliens for tax purposes. If you believe you can claim a tax treaty as a resident, see IRS Publication 519, pg. 57. Residents for tax purposes with an income less than \$58,000 may file their tax return for free. Additional resources and free software are available at www.irs.gov.
- **Note:** being a resident *for tax purposes* is not the same as being a resident *for immigration or tuition purposes*.

FOR MORE INFORMATION

26. Please consult the following resources for additional information or tax advice.

- Internal Revenue Service , T: 800-829-1040, www.irs.gov
- Publication 519: US Tax Guide for Aliens: www.irs.gov/pub/irs-pdf/p519.pdf
- Publication 901: US Tax Treaties: www.irs.gov/pub/irs-pdf/p901.pdf
- Georgia Dept. of Revenue, T: 404-417-4477, www.dor.ga.gov
- If you have been in the US more than 6 years in F1 or J1 status and earned more than \$58,000, you are resident for tax purposes and may use domestic tax preparation services such as: www.turbotax.com, www.hrblock.com, www.jacksonhewitt.com
- Attend the ISSO Tax Info Workshop in early Spring. Time and place will be announced on the ISSO website, FB page and in the ISSO e-newsletter.

WHAT ELSE?

27. What if I lost all my tax records or tossed something out?

ALWAYS keep copies of anything you mail or receive from the government that appears to be related to your immigration or tax status. If in doubt, ask ISSO. This will make things much easier if the mail is lost, damaged, or if you need a copy for future reference. Otherwise, you need to contact all your previous employers to request duplicates of the forms you need.