

# U.S. Tax for International Students

Helpful Information from IRS Sources



# The Tax Office

- ☞ Responsible for the University's compliance
  - We CANNOT answer personal questions for employees or students
  - We do issue Form 1042-S to certain non-U.S. students
  - We do collect Form W-8 BEN from certain non-U.S. students
  - We are not involved with the VITA program
- ☞ *This presentation is not intended to be tax or accounting advice and cannot be relied upon for the purpose of avoiding federal tax penalties*

# Good IRS Resources

- ✎ This presentation is primarily based on IRS materials available at [www.irs.gov](http://www.irs.gov)
  - Form and Instructions for 1040NR and 1040NR-EZ
  - Publication 519 U.S. Tax Guide for Aliens
  - Publication 4011 Foreign Student and Scholar Volunteer Guide
  - Publication 4152 Electronic Toolkit for Nonresident Alien VITA Sites
  - Form and Instructions for 8843

# “Volunteer” Tax System

## Who Must File

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**In the United States it is the individual’s responsibility to know what taxes must be filed with the government.**



Some students and scholars think that their tax liability has been satisfied because money was withheld from their pay.

Some students and scholars come from a country where the government tells the taxpayers how much to pay and when to pay it. Some countries have a per capita tax in place of an income tax.

Pub. 4152, pg. 20

# Failure to File

## Consequences of Failure to File

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- **If no taxes are owed—no penalty from the IRS**
- **However, nonimmigrant alien status requires that the individual not violate any U.S. laws, including tax laws**



# Nonresident Alien or Resident Alien?

- ∞ Green card test
- ∞ Residency through marriage
- ∞ Substantial Presence Test

Pub. 4152, pg. 18

Pub 519, pg 4, 10



# Married to a Resident

- ✎ If a nonresident alien is married to a citizen or resident alien, they can choose to treat the nonresident alien as a U.S. resident.
- ✎ Attach a statement to return.
- ✎ Nonresident married to another nonresident cannot file jointly
  - File jointly, report worldwide income

Pub 519, pg. 10

Pub. 4152, pg. 23



# Substantial Presence Test (SPT)

- 31 days in the current year (2011)
- 183 days in the last 3 years (2009-2011)
- 2011: 1 day for 1 day
- 2010: each day counts for 1/3
- 2009: each day counts for 1/6
- Once you pass the test, you are a resident alien for tax purposes from the first day you were in the U.S. that year

# SPT Example 1

- Physically present in U.S. on 120 days in each of the years 2009, 2010, and 2011
- Count 120 days in 2011 (passes 31 day test)
- Count 40 days in 2010 (1/3 of 120)
- Count 20 days in 2008 (1/6 of 120)
- Total for the 3-year period = 180 days
- NOT a resident under the SPT for 2011

## SPT Example 2

- Student on F-1 visa arrives in U.S. on June 1, 2005, stays in U.S. through 2012
- Exempt from counting days for 5 years—2005, 2006, 2007, 2008, and 2009
- Begin counting days in 2010
- In 2010, passes 31 days on Jan 31 and passes 183 days on July 2, 2010—passes SPT, becomes resident for tax purposes

# SPT Example 3

- Student on F-1 visa arrives in U.S. on Dec 1, 2005, leaves for mission outside of U.S. on June 1, 2006, returns to U.S. as student on August 31, 2008, stays in U.S. as student through 2012
- Exempt from counting days for 5 years—2005, 2006, 2008, 2009, and 2010 (not in U.S. in 2007)
- Begins counting days in 2011
- In 2011, passes 31 days on Jan 31 and passes 183 days on July 2, 2011—passes SPT

# “Exempt Individual”

- ✎ Not exempt from U.S. taxes
- ✎ Exempt from counting days for SPT
- ✎ Student in U.S. on F, J, M, or Q visa
- ✎ Don't count for first 5 calendar years
  - Just one day during the year counts as one year
- ✎ Must file Form 8843 during exempt years
  - With return or alone by June 15

Pub 519, pgs 6-7; Pub. 4011, pg. 17

# Form 8843

Form **8843**

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

OMB No. 1545-0074

**2011**

Department of the Treasury  
Internal Revenue Service

For the year January 1—December 31, 2011, or other tax year  
beginning \_\_\_\_\_, 2011, and ending \_\_\_\_\_, 20\_\_\_\_.

Attachment  
Sequence No. **102**

Your first name and initial

Last name

Your U.S. taxpayer identification number, if any

**Fill in your  
addresses only if  
you are filing this  
form by itself and  
not with your tax  
return**

Address in country of residence

Address in the United States

**Part I** General Information

- 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) ► \_\_\_\_\_
- 2** Of what country were you a citizen during the tax year? \_\_\_\_\_
- 3a** What country issued you a passport? \_\_\_\_\_
- b** Enter your passport number ► \_\_\_\_\_
- 4a** Enter the actual number of days you were present in the United States during:  
2011 \_\_\_\_\_ 2010 \_\_\_\_\_ 2009 \_\_\_\_\_
- b** Enter the number of days in 2011 you claim you can exclude for purposes of the substantial presence test ► \_\_\_\_\_

# Form 8843

## Part III **Students**

- 9 Enter the name, address, and telephone number of the academic institution you attended during 2011 ▶ \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
- 10 Enter the name, address, and telephone number of the director of the academic or other specialized program you participated in during 2011 ▶ \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
- 11 Enter the type of U.S. visa (F, J, M, or Q) you held during: ▶ 2005 \_\_\_\_\_ 2006 \_\_\_\_\_  
2007 \_\_\_\_\_ 2008 \_\_\_\_\_ 2009 \_\_\_\_\_ 2010 \_\_\_\_\_. 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.
- 12 Were you present in the United States as a teacher, trainee, or student for any part of more than 5 calendar  
years? . . . . .  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 2011, 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? . . . . .  Yes  No
- 14 If you checked the "Yes" box on line 13, explain ▶ \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

# Income Tax

- ☞ Resident aliens taxed on **WORLDWIDE** income
  - ALL interest, dividends, wages, rent, royalties...
- ☞ Nonresident aliens taxed only on U.S. income
  - Interest, dividends, wages, rent, royalties earned in the U.S. or from U.S. payers
  - Scholarships from U.S. payers (including BYU) in excess of tuition and books
    - Taxable scholarships: room & board, travel, research, equipment

Pub 519, pgs. 11-12, 14, 17



# What to File

- ✎ Resident aliens file 1040 or 1040A or 1040-EZ
  - Same rules and deductions of U.S. citizens or permanent residents
  - See Pub. 17 of Pub. 519

Pub 519, pgs. 18,

# What to File

- ✎ Nonresident aliens file 1040NR or 1040NR-EZ
  - Generally one personal exemption
    - Residents of Mexico, Canada, & South Korea see pg. 28 of Pub. 519
  - Generally not standard deduction
    - Residents of India see pgs. 28-30 of Pub. 519

Pub 519, pgs. 18, 26, 28

# What to File

**Form 1040NR-EZ**, U.S. Income Tax Return for Certain Nonresident Aliens With No Dependents if all of the following apply.

1. No dependents claimed
2. Taxpayer cannot be claimed as a dependent on another person's return.
3. The only U.S. sources of income were from wages, salaries, tips, taxable state and local income tax refunds, and scholarships and grants.
4. Taxable income (line 14) is less than \$100,000.
5. The only exclusion is for scholarship and fellowship grants and the only adjustment to income is for the student loan interest deduction.
6. No tax credits claimed.
7. If married, no exemption claimed for the spouse.
8. The only itemized deduction claimed is for state and local income taxes.  
(**Note:** Residents of India who were students or business apprentices may be able to take the standard deduction in lieu of itemized deductions for state and local income taxes).
9. The only taxes owed are income tax.
10. No claim for excess social security and tier 1 RRTA tax withheld.
11. Not filing an "expatriation tax" return  
(Applies to U.S. citizens who have lost their citizenship or long-term residents who have ended their residency status).

If all of the above conditions are not met, Form 1040NR must be filed.

**Form 1040NR**, U.S. Nonresident Alien Income Tax Return if any of the following applies.

1. Nonresident alien engaged in a trade or business in the United States.
2. Nonresident alien not engaged in a trade or business in the U.S.
3. Representative of a deceased person who would have had to file Form 1040NR.
4. Representative of an estate or trust that has to file Form 1040NR.

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See also Publ. 4152, pgs. 31-34

Pub. 4011, pg. 17

# 1040NR-EZ (1 page + 01)

Form **1040NR-EZ**

## U.S. Income Tax Return for Certain Nonresident Aliens With No Dependents

OMB No. 1545-0074

**2011**

Department of the Treasury  
Internal Revenue Service

Please print or type. See separate instructions.

Filing Status  
Check only one box.

Attach Form(s) W-2 or 1042-S here. Also attach Form(s) 1099-R if tax was withheld.

Enclose, but do not attach, any payment.

Direct deposit? See instructions.

Amount You Owe

Third Party Designee

Sign Here

Keep a copy of this return for your records.

Paid Preparer Use Only

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see instructions.

Cat. No. 21534N

Form **1040NR-EZ** (2011)

Form 1040NR-EZ (2011)

Page **2**

### Schedule OI- Other Information (see instructions) Answer all questions

**A** Of what country or countries were you a citizen or national during the tax year? \_\_\_\_\_

**B** In what country did you claim residence for tax purposes during the tax year? \_\_\_\_\_

**C** Have you ever applied to be a green card holder (lawful permanent resident) of the United States? . . . . .  **Yes**  **No**

**D** Were you ever:  
**1.** A U.S. citizen? . . . . .  **Yes**  **No**  
**2.** A green card holder (lawful permanent resident) of the United States? . . . . .  **Yes**  **No**  
 If you answer "Yes" to **(1)** or **(2)**, see Pub. 519, chapter 4, for expatriation rules that may apply to you.

**E** If you had a visa on the last day of the tax year, enter your visa type. If you did not have a visa, enter your U.S. immigration status on the last day of the tax year. \_\_\_\_\_

**F** Have you ever changed your visa type (nonimmigrant status) or U.S. immigration status? . . . . .  **Yes**  **No**  
 If you answered "Yes," indicate the date and nature of the change. ► \_\_\_\_\_

**G** List all dates you entered and left the United States during 2011 (see instructions).  
**Note.** If you are a resident of Canada or Mexico AND commute to work in the United States at frequent intervals, **check the box for Canada or Mexico** and skip to item H . . . . .  Canada  Mexico

Date entered United States mm/dd/yy	Date departed United States mm/dd/yy

Date entered United States mm/dd/yy	Date departed United States mm/dd/yy

**H** Give number of days (including vacation, nonworkdays, and partial days) you were present in the United States during:  
 2009 \_\_\_\_\_, 2010 \_\_\_\_\_, and 2011 \_\_\_\_\_

**I** Did you file a U.S. income tax return for any prior year? . . . . .  **Yes**  **No**  
 If "Yes," give the latest year and form number you filed ► \_\_\_\_\_

**J** Income Exempt from Tax—If you are claiming exemption from income tax under a U.S. income tax treaty with a foreign country, complete (1) and (2) below. See Pub. 901 for more information on tax treaties.

**1.** Enter the name of the country, the applicable tax treaty article, the number of months in prior years you claimed the treaty benefit, and the amount of exempt income in the columns below. Attach Form 8833 if required (see instructions).

(a) Country	(b) Tax treaty article	(c) Number of months claimed in prior tax years	(d) Amount of exempt income in current tax year

**(e) Total.** Enter this amount on Form 1040NR-EZ, line 6. Do not enter it on line 3 or line 5 . . . . .  **Yes**  **No**  
**2.** Were you subject to tax in a foreign country on any of the income shown in 1(d) above? . . . . .  **Yes**  **No**

Form **1040NR-EZ** (2011)

# 1040NR (2-4 pages + 01)

**Form 1040NR U.S. Nonresident Alien Income Tax Return**  
 Department of the Treasury Internal Revenue Service  
 For the year January 1–December 31, 2011, or other tax year  
 beginning , 2011, and ending , 20  
 OMB No. 1545-0074  
**2011**

Your first name and initial Last name Identifying number (see instructions)

Present home address (number, street, and apt. no., or rural route). If you have a P.O. box, see instructions. Check it:  Individual  Estate or Trust

City, town or post office, state, and ZIP code. If you have a foreign address, see instructions.

Foreign country name Foreign province/county Foreign postal code

**Filing Status**  
 1  Single resident of Canada or Mexico or single U.S. national  
 2  Other single nonresident alien  
 3  Married resident of Canada or Mexico or married U.S. national  
 4  Married resident of South Korea  
 5  Other married nonresident alien  
 6  Qualifying widow(er) with dependent child (see instructions)  
 If you checked box 3 or 4 above, enter the information below.  
 (i) Spouse's first name and initial (ii) Spouse's last name (iii) Spouse's identifying number

**Exemptions**  
 7a  Yourself. If someone can claim you as a dependent, do not check box 7a  
 b  Spouse. Check box 7b only if you checked box 3 or 4 above and your spouse did not have any U.S. gross income  
 c Dependents: (see instructions)  
 (1) First name Last name (2) Dependent's identifying number (3) Dependent's relationship to you (4)  If qualifying child for child tax credit (see instr.)  
 Boxes checked on 7a and 7b  
 No. of children on 7c who:  
 • lived with you  
 • did not live with you due to divorce or separation  
 Dependents on 7c not entered above

d Total number of exemptions claimed Add numbers on lines above

**Income Effectively Connected With U.S. Trade/ Business**  
 8 Wages, salaries, tips, etc. Attach Form(s) W-2 8  
 9a Taxable interest 9a  
 b Tax-exempt interest. Do not include on line 9a 9b  
 10a Ordinary dividends 10a  
 b Qualified dividends (see instructions) 10b  
 11 Taxable refunds, credits, or offsets of state and local income taxes (see instructions) 11  
 12 Scholarship and fellowship grants. Attach Form(s) 1042-S or required statement (see instructions) 12  
 13 Business income or (loss). Attach Schedule C or C-EZ (Form 1040) 13  
 14 Capital gain or (loss). Attach Schedule D (Form 1040) if required. If not required, check here  14  
 15 Other gains or (losses). Attach Form 4797 15  
 16a IRA distributions 16a 16b Taxable amount (see instructions) 16b  
 17a Pensions and annuities 17a 17b Taxable amount (see instructions) 17b  
 18 Rental real estate, royalties, partnerships, trusts, etc. Attach Schedule E (Form 1040) 18  
 19 Farm income or (loss). Attach Schedule F (Form 1040) 19  
 20 Unemployment compensation 20  
 21 Other income. List type and amount (see instructions) 21  
 22 Total income exempt by a treaty from page 5, Schedule OI, Item L (1)(e) 22  
 23 Combine the amounts in the far right column for lines 8 through 21. This is your total effectively connected income 23

**Adjusted Gross Income**  
 24 Educator expenses (see instructions) 24  
 25 Health savings account deduction. Attach Form 8889 25  
 26 Moving expenses. Attach Form 3903 26  
 27 Deductible part of self-employment tax. Attach Schedule SE (Form 1040) 27  
 28 Self-employed SEP, SIMPLE, and qualified plans 28  
 29 Self-employed health insurance deduction (see instructions) 29  
 30 Penalty on early withdrawal of savings 30  
 31 Scholarship and fellowship grants excluded 31  
 32 IRA deduction (see instructions) 32  
 33 Student loan interest deduction (see instructions) 33  
 34 Domestic production activities deduction. Attach Form 8903 34  
 35 Add lines 24 through 34 35  
 36 Subtract line 35 from line 23. This is your adjusted gross income 36

Form 1040NR (2011) Page 2

**Tax and Credits**  
 37 Amount from line 36 (adjusted gross income) 37  
 38 Itemized deductions from page 3, Schedule A, line 15 38  
 39 Subtract line 38 from line 37 39  
 40 Exemptions (see instructions) 40  
 41 Taxable income. Subtract line 40 from line 39. If line 40 is more than line 39, enter -0- 41  
 42 Tax (see instructions). Check if any tax is from: a  Form(s) 8814 b  Form 4972 42  
 43 Alternative minimum tax (see instructions). Attach Form 6251 43  
 44 Add lines 42 and 43 44  
 45 Foreign tax credit. Attach Form 1116 if required 45  
 46 Credit for child and dependent care expenses. Attach Form 2441 46  
 47 Retirement savings contributions credit. Attach Form 8880 47  
 48 Child tax credit (see instructions) 48  
 49 Residential energy credits. Attach Form 5695 49  
 50 Other credits from Form: a  3800 b  8801 c  50  
 51 Add lines 45 through 50. These are your total credits 51  
 52 Subtract line 51 from line 44. If line 51 is more than line 44, enter -0- 52

**Other Taxes**  
 53 Tax on income not effectively connected with a U.S. trade or business from page 4, Schedule NEC, line 15 53  
 54 Self-employment tax. Attach Schedule SE (Form 1040) 54  
 55 Unreported social security and Medicare tax from Form: a  4137 b  8919 55  
 56 Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required 56  
 57 Transportation tax (see instructions) 57  
 58a Household employment taxes from Schedule H (Form 1040) 58a  
 b First-time homebuyer credit repayment. Attach Form 5405 if required 58b  
 59 Other taxes. Enter code(s) from instructions 59  
 60 Add lines 52 through 59. This is your total tax 60

**Payments**  
 61 Federal income tax withheld from:  
 a Form(s) W-2 and 1099 61a  
 b Form(s) 8805 61b  
 c Form(s) 8288-A 61c  
 d Form(s) 1042-S 61d  
 62 2011 estimated tax payments and amount applied from 2010 return 62  
 63 Additional child tax credit. Attach Form 8812 63  
 64 Amount paid with request for extension to file (see instructions) 64  
 65 Excess social security and tier 1 RRTA tax withheld (see instructions) 65  
 66 Credit for federal tax paid on fuels. Attach Form 4136 66  
 67 Credits from Form: a  2439 b  8839 c  8801 d  8885 67  
 68 Credit for amount paid with Form 1040-C 68  
 69 Add lines 61a through 68. These are your total payments 69  
 70 If line 69 is more than line 60, subtract line 60 from line 69. This is the amount you overpaid 70

**Refund**  
 Direct deposit? See instructions.  
 71a Amount of line 70 you want refunded to you. If Form 8888 is attached, check here  71a  
 b Routing number  c Type:  Checking  Savings  
 d Account number   
 e If you want your refund check mailed to an address outside the United States not shown on page 1, enter it here.  
 72 Amount of line 70 you want applied to your 2012 estimated tax 72

**Amount You Owe**  
 73 Amount you owe. Subtract line 69 from line 60. For details on how to pay, see instructions 73  
 74 Estimated tax penalty (see instructions) 74

**Third Party Designee**  
 Do you want to allow another person to discuss this return with the IRS (see instructions)?  Yes. Complete below.  No  
 Designee's name Phone no. Personal identification number (PIN)

**Sign Here**  
 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 complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.  
 Your signature Date Your occupation in the United States

**Paid Preparer Use Only**  
 Print/Type preparer's name Preparer's signature Date Check  if self-employed PTIN  
 Firm's name Firm's EIN  
 Firm's address Phone no.

# Utah Taxes

## ∞ Utah follows Federal Laws

- Starts from
  - 1040 line 37
  - 1040A line 21
  - 1040EZ line 4
  - 1040NR line 36
  - 1040NR-EZ line 10

<http://incometax.utah.gov/2010/filing/fagi>

# Filing Status

## Filing Status

Generally, nonresident aliens must select either the **single** or the **married filing separately** filing status.

**Head of household** filing status cannot be used if the taxpayer was a nonresident alien during any part of a year.

Nonresidents who are married to U.S. citizens or resident aliens can choose to file a joint return for tax purposes and file as **married filing jointly**.

## Exemption (personal/dependency) Issues

Generally, nonresident aliens can claim only one personal exemption.

Nonresidents from the following countries may be able to claim their spouse and children as dependents. Everyone claimed on the return must have either a social security number or an Individual Taxpayer Identification Number (ITIN).

**Canada**  
**Mexico**

**India**  
**South Korea**

The exemption amount for 2011 is 3,700.

## Standard Deduction

Nonresident aliens are generally not eligible for the standard deduction. For those entitled, they must use the amount for the single or married filing separately filing status.

The standard deduction amount for single and married filing separately for 2011 is 5,800.

# Tax Credits

## Nonresident aliens cont'd

- Only certain credits
  - Foreign tax credit (if paid foreign tax on U.S. income)
  - Child tax credit (if child is a U.S. citizen)
- Usually not
  - Education credits
    - American, Hope, Lifetime Learning
  - Earned income credit

Pub 519, pgs. 32-33; Pub. 4011, pg. 16



# Tax Information Forms

## ☞ W-2

- my.byu.edu → Work → W-2

## ☞ 1042-S

- will be mailed by March 15

## ☞ 1098-T

- If you are a resident alien and need a 1098-T, email [1098T@byu.edu](mailto:1098T@byu.edu)

### **Form 1098-T, Tuition Payments Statement**

Academic institutions issue Form 1099-T to students who paid tuition during the tax year. This form helps the students calculate the educational credits. Since nonresident aliens usually cannot claim the educational credits, the form is not part of their tax return.

# W-2

Form **W-2 Wage and Tax Statement** 2011

<b>c</b> Employer's name, address, and ZIP code BRIGHAM YOUNG UNIVERSITY D-55 ASB PROVO UT 84602		<b>7</b> Social security tips	<b>1</b> Wages, tips, other compensation	<b>2</b> Federal income tax withheld		
<b>e</b> Employee's name, address, and ZIP code		<b>8</b> Allocated tips	<b>3</b> Social security wages	<b>4</b> Social security tax withheld		
		<b>9</b> [REDACTED]	<b>5</b> Medicare wages and tips	<b>6</b> Medicare tax withheld		
		<b>10</b> Dependent care benefits	<b>11</b> Nonqualified plans	<b>12a</b> See instructions for box 12		
		<b>13</b> <small>Statutory employee</small> <small>Retirement plan</small> <small>Third-party sick pay</small>	<b>14</b> Other	<b>12b</b>		
		<b>b</b> Employer identification number (EIN) 87-0217280		<b>12c</b>		
		<b>a</b> Employee's social security number		<b>12d</b>		
<b>15</b> State UT	Employer's state ID number 11691946-005-WTH	<b>16</b> State wages, tips, etc.	<b>17</b> State income tax	<b>18</b> Local wages, tips, etc.	<b>19</b> Local income tax	<b>20</b> Locality name

Copy B-To Be Filed With Employee's FEDERAL Tax Return

This information is being furnished to the Internal Revenue Service.  
OMB No. 1545-0048

Dept. of the Treasury - IRS  
Visit the IRS website at [www.irs.gov/efile](http://www.irs.gov/efile)

# 1042-S

Form <b>1042-S</b> Department of the Treasury Internal Revenue Service		<b>Foreign Person's U.S. Source Income Subject to Withholding</b>			<b>2011</b>		OMB No. 1545-0096	
		<input type="checkbox"/> <b>AMENDED</b>			<input type="checkbox"/> <b>PRO-RATA BASIS REPORTING</b>		<b>Copy C for Recipient</b> Attach to any Federal tax return you file	
<b>1</b> Income code	<b>2</b> Gross income	<b>3</b> Withholding allowances	<b>4</b> Net income	<b>5</b> Tax rate	<b>7</b> Federal tax withheld		<b>8</b> Withholding by other agents	
				<b>6</b> Exemption code	<b>9</b> Total withholding credit			
<b>10</b> Amount repaid to recipient				<b>14</b> Recipient's U.S. TIN, if any ▶ <input type="checkbox"/> SSN or ITIN <input type="checkbox"/> EIN <input type="checkbox"/> QI-EIN				
<b>11</b> Withholding agent's EIN ▶ <input type="checkbox"/> EIN <input type="checkbox"/> QI-EIN				<b>15</b> Recipient's foreign tax identifying number, if any			<b>16</b> Country code	
<b>12a</b> WITHHOLDING AGENT'S name				<b>17</b> NQI's/FLOW-THROUGH ENTITY'S name			<b>18</b> Country code	
<b>12b</b> Address (number and street)				<b>19a</b> NQI's/Entity's address (number and street)				
<b>12c</b> Additional address line (room or suite no.)				<b>19b</b> Additional address line (room or suite no.)				
<b>12d</b> City or town, province or state, country, ZIP or foreign postal code				<b>19c</b> City or town, province or state, country, ZIP or foreign postal code				
<b>13a</b> RECIPIENT'S name			<b>13b</b> Recipient code		<b>20</b> NQI's/Entity's U.S. TIN, if any ▶			
<b>13c</b> Address (number and street)				<b>21</b> PAYER'S name and TIN (if different from withholding agent's)				
<b>13d</b> Additional address line (room or suite no.)				<b>22</b> Recipient account number (optional)				
<b>13e</b> City or town, province or state, country, ZIP or foreign postal code				<b>23</b> State income tax withheld		<b>24</b> Payer's state tax no.		<b>25</b> Name of state

# Scholarship

## ☞ Qualified scholarships not taxable

- Tuition
- Required books and equipment

## ☞ Nonqualified scholarships have to be included on tax return

- Amount more than tuition and books
- Room and board
- Travel to/from home country

# When to File

- ⌘ Returns generally due April 15<sup>th</sup>
  - April 17, 2011 this year
- ⌘ File Form 4868 to extend to October 15<sup>th</sup>
  - Does NOT extend deadline to pay tax

# Tax Treaties

- ☞ Some treaties exempt scholarship and/or personal income
- ☞ See Pub 519, pgs. 56-60
- ☞ See Pub. 4011 pgs. 5-12
- ☞ See Pub. 901

# W-8 BEN for Scholarships

Bangladesh	Morocco
China, People's Republic of	Netherlands
Commonwealth of Independent States	Norway
Cyprus	Pakistan
Czech Republic	Philippines
Egypt	Poland
Estonia	Portugal
France	Romania
Germany	Russia
Iceland	Slovak Republic
Indonesia	Slovenia
Israel	Spain
Kazakhstan	Thailand
Korea, South	Trinidad and Tobago
Latvia	Tunisia
Lithuania	Ukraine
	Venezuela

# Special Treaty Exceptions

## India Treaty

### Article 21(2)

An Indian **student** may take a **standard deduction** equal to the amount allowable on Form 1040 and may be able to claim the personal exemptions for a nonworking spouse and U.S.-born children.

Treaty benefits for a **scholar** from India are very different from those for a **student**. The **scholar** benefit for income code 18 is lost retroactively if the visit exceeds 2 years.

The standard deduction for single taxpayers in 2011 is \$5,800. The deduction for married filing separately is \$5,800.

Nonresident aliens can't file a joint return. Even though a student from India may be able to take an exemption for a nonworking spouse, this is not considered a joint return. Thus, the standard deduction for married filing separately must be used. In determining their tax liability, they must use the tax tables or tax rate schedules for married filing separately.



# Special Treaty Exceptions

## **China Treaty**

### Article 19, 20(c)

Almost all U.S. tax treaties are limited to a specific number of years and may not be available for residents for tax purposes.

The U.S. treaty with China provides that a scholar is exempt from tax on earned income for 3 years. After 2 years, a scholar will become a resident alien for tax purposes but is still entitled to 1 more year of tax benefits under the treaty. The treaty also provides that students have an exemption of up to \$5,000 per year for income earned while they are studying or training. In most cases, the student will become a resident for federal tax purposes in their sixth calendar year. Students from China can continue to claim the treaty benefits on their resident alien tax return (if they still meet the definition of a student).

## **Canada Treaty**

### Article 15

The students and scholars are permitted to use Article 15 of the tax treaty, which applies to dependent personal services.

The tax treaty with Canada is different from all other tax treaties because it (1) exempts all earned income if the nonresident earned not more than \$10,000 in the tax year, but (2) taxes all income if the nonresident earned more than \$10,000. This treaty benefit is lost if the nonresident becomes a resident for tax purposes.

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Pub. 4011, pgs. 5-6

# Tax Help

- ✎ BYU VITA is not trained for 1040NR or 1040NR-EZ
- ✎ Glacier Software—International Services
- ✎ <http://www.irs.gov/businesses/small/international/article/0,,id=96431,00.html>
- ✎ Instructions to 1040NR and 1040NR-EZ
- ✎ Pub. 519, pgs. 63-64 lists possible resources
- ✎ Pub. 4152, FAQ at end of document
- ✎ Local professionals