

Q: How do taxes work in the U.S.?

In the U.S., federal and state income taxes are withheld from each paycheck by employers based on information provided by the employee on Form W-4 (usually completed by the employee at the time of hire). Since the withholding is only an estimate, employees are given a yearly opportunity to reconcile the amount taken out with how much was owed.

Employers provide year-end forms that give a summary of monies received the previous year and amounts withheld.

These year-end forms are then used by the employee to file a tax return with the government. If too much was withheld, you will receive a refund. If not enough was withheld, you will need to pay the government the additional amount. If the amount taken out matches the amount due, no money is owed by you or the government.

Q: What are “year-end forms”?

In January and February of every year, employers send out W-2 and/or 1042-S forms respectively. These forms provide information to help people with their tax filing for the previous calendar year. You may receive more than one of the following forms, depending on your circumstances:

- W-2:** For taxable income not covered by a tax treaty. Made available by the employer by end of January.
- 1042-S:** For tuition covered under a tax treaty; and for employment income covered under a tax treaty; and for all non-resident aliens receiving a stipend payment. Made available by the employer by late February.
- 1099:** For investment income.

Q: If I worked at a location other than Washington University (e.g. employment at a previous university, or authorized off-campus employment), should I receive forms from that employer?

Yes! Each employer for whom you worked is required to issue you a W-2 form. You should make certain that your former employer has your current address to ensure you receive your form quickly.

Q: I’m missing my W-2 or 1042-S. Who should I contact?

If your employer was Washington University, please contact Joyce Wiseman in the payroll office at joyce.wiseman@wustl.edu. If your employer was not Washington University, you should contact your employer.

Q: What is considered income?

Sources of income include, but are not limited to: on-campus employment, scholarships, fellowships, graduate assistantships, practical or academic training, any compensation received for labor, gifts (including those given for providing services), prizes, awards and payments for participating in research studies as human subjects received the previous calendar year (Jan 1 - Dec 31).

Q: Will I be taxed on income received from outside the U.S.?

Nonresidents, for tax purposes, are taxed only on their U.S. income. With a few exceptions, this means that any income

received from outside the U.S. is not considered taxable in the U.S. **Residents**, for tax purposes, are taxed by the U.S. on their income from anywhere in the world. Please be aware that though you are a nonresident for immigration purposes, you could be a resident for tax purposes.

Q: What is a Non-Resident Alien?

Two primary U.S. government agencies use the terms “Non-resident” and “Resident Alien,” but define them differently, which can be a source of confusion to international visitors.

- ⇒ The **U.S. Immigration Service (USCIS)** defines a nonresident alien as someone in the U.S. who is not a U.S. citizen or U.S. permanent resident, who has a residence abroad he or she does not intend to abandon (i.e., he or she has not been provided authorization to live in the U.S. permanently).
- ⇒ The **IRS** divides everyone into two categories for tax purposes—resident and nonresident:
 - * **Residents:** all U.S. citizens, Lawful Permanent Residents (i.e., “green card” holders), and nonresident aliens for immigration purposes who have met the Substantial Presence Test (described below).
 - * **Nonresident aliens:** all others, regardless of immigration status.

The **Substantial Presence Test (SPT)** is the way the IRS determines when nonresident aliens for immigration purposes have been in the U.S. long enough to be considered residents for tax purposes. To pass the SPT, one must be present in the U.S. for a total of 183 days, counted over a period of three calendar years. There are special rules for F-1 students and J-1 exchange visitors about days of presence in the U.S.

Visit the **IRS website** to determine if you qualify as a resident or non-resident for tax purposes: <http://www.irs.gov/businesses/small/international/article/0,,id=96392,00.html>.

Q: What is a “tax return”?

The name of the form used for the reconciliation of taxes with the government is called the “tax return.” Your federal tax return is filed with the Internal Revenue Service (IRS), an agency of the U.S. government. Your state tax return is filed with the Missouri Department of Revenue, and your city tax return is filed with the Collector of Revenue (if you are a resident of the City of St. Louis). *When OISS documentation cites “tax return” or “return,” we are referring to both the tax return itself (described in the paragraph below) and accompanying forms (Form 8843, described in the next section).*

Tax residents usually complete Forms 1040 or 1040-EZ. Nonresidents for tax purposes must complete either Forms 1040NR-EZ or the longer 1040-NR. Under State Tax law, you are also required to file Form MO1040 or MO1040A to the state of Missouri. If you live in the City of St. Louis, you will also be required to complete a Form E-1 if you have any income other than W-2 wages. Your St. Louis City earnings tax will have been withheld from your W-2 wages.

Q: What is the deadline for filing a tax return?

Generally the deadline for filing most returns is April 15 of every year (for income from the previous year). However, this year April 15 is a holiday in Washington DC, and therefore, the tax deadline has been extended to **April 18, 2011**.

Q: Who must file a tax return?

All individuals in the U.S. who have income must file a U.S. tax return, even if no taxes are withheld from the income because of a tax treaty exemption between the U.S. and the country of tax residence for the international visitor. Nonresidents who are married and both work must each file a U.S. tax return. Non-resident aliens are not exempt from filing state and city income tax returns. The state of Missouri follows the federal government in requiring a return to be filed by all individuals who received income from within the state of Missouri.

In addition to the tax return, **all** individuals in F, J, M, and Q immigration status who are “exempt individuals” (including spouse and young children) are required to file a Form 8843 – Statement for Exempt Individuals. Filing this form does **not** mean the person is exempt from taxes, but rather that he or she is exempt from counting days of presence in the U.S. to determine if he or she is to be taxed as a resident or a nonresident. This form asks for certain information about immigration status and tax treaty claims. Therefore, if a nonresident alien has no income in the U.S. but is still within the “exempt individual” period, he or she must file the Form 8843. For more information, see “Do I Need to File a Form 8843?”

Q: I'm in F or J status, and I did not receive any income during the previous calendar year.**Do I need to file a tax return?**

You will need to file the Form 8843, which is an informational statement required by the U.S. government for certain nonresident aliens.

Q: Do my F-2 or J-2 dependents need to file a tax return?

All F-2 and J-2 dependents should file Form 8843. If they had any U.S. income, they should also file Form 1040NR or 1040NR-EZ.

Q: My country of tax residence has a tax treaty with the U.S. Do I need to file a tax return?

Yes. In order to claim tax treaty benefits, you must file federal income tax Forms 8843 and either 1040NR-EZ or 1040-NR.

Q: Do I need a Social Security Number in order to file a tax return?

If you worked and earned income from a U.S. source, you will need a Social Security Number (SSN) in order to file your tax return. If you did not earn income from a U.S. source, you will not need a SSN or an Individual Taxpayer Identification Number (ITIN). Dependents, who are being claimed as deductions on a tax return, must have a SSN or ITIN. The Social Security Administration restricts the SSN to individuals who are working, so an ITIN may be required for dependents. If an ITIN is required, the ITIN application (IRS Form W-7) must be sent with the tax return. For more information about the ITIN and how to apply for one, visit the IRS website: <http://www.irs.gov/individuals/article/0,,id=96287,00.html>.

Q: What are the consequences of not filing tax returns?

There can be immigration consequences if tax returns are not filed. For example, if someone is changing status from F-1 to H-1B, USCIS may ask for copies of previous income tax returns as part of the H-1B application. Or if someone is applying for permanent residency, the applicant may be asked to provide copies of previous income tax returns. In some cases, applicants for visas are asked to show tax returns from previous visits to the U.S.

Q: Can I file my tax return electronically?

No, Forms 1040NR, 1040NR-EZ, and 8843 cannot be filed electronically or faxed to the IRS. You may complete your tax return electronically (for example using the **CINTAX** software,) however, you will need to print and mail your tax return to the IRS.

Q: Should I keep a copy of my tax return?

Yes! Photocopies of all tax returns should be kept for a period of seven years, in case the IRS has questions regarding information provided on the tax return.

Q: Am I exempt from social security and Medicare taxes?

The IRS website gives information about social security withholding: <http://www.irs.gov/businesses/small/international/article/0,,id=129427,00.html>. Generally, **nonresidents in F or J categories** are exempt from these taxes during the time they are “non-resident aliens” for tax purposes if they are in valid immigration status. **Resident aliens**, in general, have the same liability for Social Security/Medicare Taxes that U.S. Citizens have.

Q: Where can I find help?

If you have questions about the W-2 or 1042-S form, call the Washington University Payroll Office at 935-4387 or 935-5719.

If your employer was not Washington University and you have questions about your forms, you should contact your employer.

If you need assistance with filing your tax return, visit the Assistance with Tax Filing page on our website at <http://oisshome.wustl.edu/Tax.html>. We list links to the IRS websites, Missouri Department of Revenue websites, and information on how to search for accountants who understand international taxation.

Another useful resource is an article titled, *Ten Common Tax Return Errors Foreign Nationals Should Avoid*. This article can be found online at http://www.windstar.com/email_campaigns/crows-nest/crowsnest_number6_1.html.