

## U.S. TAX INFORMATION FOR NONRESIDENT ALIEN STUDENTS

The Internal Revenue Service (IRS), the U.S. Government taxing authority, has issued strict regulations concerning the taxation and reporting of payments made to nonresident aliens. The University of Nevada, Reno may be required to withhold U.S. income tax and file reports with the IRS in connection with payments made to students who are not U.S. citizens or permanent resident aliens (green card holders) and who receive financial aid, scholarships, fellowships, awards, or compensation for services performed.

It is essential that the NRAT Specialist determine whether you should be treated as a “resident alien” or “nonresident alien” for U.S. tax purposes. The substantial presence test is used to calculate the number of days that a student is present in the U.S. and determine whether the individual is a nonresident alien or resident alien for purposes of calculating U.S. tax withholding. Students present in the U.S. on F-1 or J-1 visas are usually considered to be nonresident aliens for the first five calendar years that they are present in the U.S. We are also required by law to report to the IRS all payments made to nonresident aliens, or to a third parties on their behalf, regardless of whether the payment is subject to U.S. tax.

Nontaxable items include the following:

- Tuition
- Book allowance
- Required registration fees
- Mandatory health insurance fees

Taxable items include, but are not limited to, the following:

- Room and board
- Fellowship stipend (which does not require a service to be performed)
- Living allowance
- Cash award
- Travel payment/reimbursement
- Compensation (including a fellowship stipend that does require a service to be performed)

The U.S. has income tax treaties with certain foreign countries. Some types of taxable payments made may be exempt from U.S. tax based on an income tax treaty entered into between the U.S. and your country of residency. The existence of a tax treaty does not automatically guarantee an exemption from taxation; rather, you must satisfy the requirements for the exemption set forth in the tax treaty. To be considered for a tax treaty exemption, you must complete Form W-8BEN (for all scholarship, fellowship, or stipend payments) or Form 8233 (for all compensation payments). Forms W-8BEN and 8233 are completed with the NRAT Specialist. A 14 percent withholding tax will be deducted from scholarship, fellowship, and stipend payments made to students present in the U.S. under an F-1 or J-1 visa (i) who are from countries that do not maintain an income tax treaty with the U.S., (ii) whose payment does not qualify for exemption under a tax treaty, or (iii) who do not have a U.S. Social Security Number or ITIN. If you receive a scholarship or fellowship grant, certain portions of the grant (for example, tuition and required fees) will not be paid directly to you, but will be credited to your

student account. If the portion credited to your account is a nontaxable item (for example, tuition), there will be no tax impact to you. If, however, the credited portion is a taxable item (for example, room and board), you will be required to pay to the NSHE the amount of the tax that is required to be withheld, generally, 14 percent of the amount involved.

Compensation payments made to a nonresident alien for services performed as an employee are paid through the Payroll system. U.S. tax is withheld on this type of payment at a specific graduated tax-withholding rate. With respect to compensation paid to a nonresident alien as part of a fellowship grant, income tax treaties may or may not apply to exempt some or all compensation, and any tax withholding associated with the taxable compensation will be automatically deducted from the payments. Students who plan to work on campus must apply for a social security number from the U.S. Social Security Administration prior to beginning work. All students who are not citizens or permanent resident aliens of the U.S. are required to complete tax information forms during their first week at the NSHE prior to receiving any payments or financial assistance. If you have additional questions about how to complete the required forms or need to set an appointment, please email the Nonresident Alien Tax Specialist at: [nrat@unr.edu](mailto:nrat@unr.edu)

Nonresident alien student athletes usually receive nonqualified scholarship payments regularly. Nonqualified scholarships are taxable, unless there are any treaty benefits applicable. Tax rates on the nonqualified scholarships to NRA's are as follows:

- 14% for F, J, M, and Q students
- 30% for other students
- 30% for recipients without their immigration status being substantiated.

Our office encourages all NRA Student Athletes to come in to confirm their immigration status and reduce the amount of withholding tax, if possible.

NRA Student Athletes are required to bring in the following documents to their first appointment:

- FNIS data sheet - completed, signed, and dated (FNIS)
- Passport
- Visa stamp
- I-94
- I-20 or DS-2019
- Social Security Card (or, the Social Security Number application receipt letter, if you have just applied for one) or Individual Tax Identification Number (ITIN).

To be eligible for any treaty benefits, NRA Student Athletes may need to obtain an ITIN in order to take advantage of any available treaty benefits, unless they already have a SSN or an ITIN issued. As a Certifying Acceptance Agent, UNR's Business and Finance Office or the Office of International Students and Scholars can assist NRA Student Athletes in obtaining an ITIN from the IRS.