

Welcome UNR International Students and Scholars United States

Personal Income Tax

Taxing Authority

The Internal Revenue Service (IRS) is a bureau of the Department of the U.S. Treasury and provides service to the public in helping them understand and meet their tax obligations. The Secretary of the Treasury has full authority to administer and enforce the Internal Revenue Laws and has created the IRS to enforce these laws and ensure tax compliance. It is the taxpayer's role to understand and meet his or her tax obligations.

Residency Rules

The immigration laws of the United States refer to aliens as immigrants, nonimmigrants, and undocumented (illegal) aliens, the tax laws of the United States refer only to RESIDENT and NONRESIDENT ALIENS. If you are not a U.S. Citizen or Permanent Resident of the U.S., you are either a Nonresident Alien or Resident Alien while you are present in the U.S. The main standard is that resident aliens are taxed the same as an U.S. citizens on their worldwide income, and nonresident aliens are taxed according to special rules contained in the Internal Revenue Code. A major distinctive feature of this special tax system concerns the source of income: a nonresident alien is subject to federal income tax only on income which is derived from sources within the United States and/or income that is effectively connected with a U.S. trade or business.

There are two separate set of tax laws in the U.S. One for Nonresident Aliens, and the other for U.S. Citizens/Permanent Residents/Resident Aliens. Nonresident Aliens (IRS Code Sec 1441) are subject to different tax filing laws and regulations. This is explained in IRS Publication 519 - U.S. Tax Guide for Aliens. Nonresident Aliens are taxed in the U.S. on their U.S. sourced income while Resident Aliens are taxed in the U.S. on their global income. Resident Aliens are generally taxed in the same way as U.S. Citizens. This is an important concept to keep this in mind if you earn income from other countries. It is also important to know the tax laws in your home country as you may have to pay tax to your home country on your income you earn in the U.S.

The IRS Substantial Presence Test is the Federal residency test calculation. It is a mathematical calculation of the days present in the U.S. (historically) based on your immigration or visa status. In the U.S. certain visa or immigration categories will have exempt or special residency rules attached to it. Generally, F-1 or J-1 students receive five *lifetime* years as a Nonresident Alien. So if you arrived in the U.S. in 2017 for the first time in F-1 status, your five Nonresident Alien years will be 2017-2021. You will become a Resident Alien for tax purposes for tax year 2022. For J-1 Scholars, you are generally a Nonresident Alien for 2 out of 7 year rule. If you have a Change of Status (COS), your residency status will be affected.

It is important to determine whether you are a Nonresident or Resident Alien for Federal tax purposes so you know which tax laws to follow and how to correctly file your annual IRS U.S. Tax Return required to be completed annually. The Nonresident Alien Tax Specialist (Kellie Grahmann) can assist you in determining your residency under the Substantial Presence Test.

What is Tax Withholding?

Withholding taxes is a means for the U.S. government to tax at the source of income, rather than trying to collect income tax after it is earned. Most employees are established and subject to withholding taxes when they are hired by filling out the IRS Form W-4. The form estimates the amount of taxes that will be due. The funds are being deducted from your wages or scholarship and are being sent to the IRS on your behalf. These funds are going to pay your estimated annual tax liability. The same method of taxing income for nonresident aliens of the United States is utilized to guarantee effective and efficient tax collecting for the U.S. government. For withholding purposes, Nonresident Aliens are subject to graduated withholding on wages (W-4 form) to Single-1 (Special Nonresident withholding) regardless of marital status. There are special exceptions for the countries of India, Canada, Mexico, and So Korea. See IRS Pub 15.

Resident Aliens are subject to withholding of income tax on wages paid by their employer for services performed in the U.S. same as for Nonresident Aliens. For withholding purposes, Resident Aliens can choose how much tax they want deducted from their wages. Resident Aliens can complete the W-4 tax withholding form as they choose.

Scholarship or Financial Aid

Nonresident Aliens are subject to withholding of income tax on taxable scholarships at 14% for F and J status and 30% tax for any other immigration visa category. Taxable scholarships/aid includes Room and Board paid or cash back (funds paid over and above your tuition and fees). Payments of scholarships, fellowships, and grants paid to U.S. citizens and resident aliens are not generally reportable to the IRS and are not generally subject to withholding of tax. But, payments of taxable scholarships, fellowships, and grants to nonresident aliens are generally reportable to the IRS and are generally subject to withholding of U.S. Federal income tax.

Personal exemption amount

The IRS will grant or exempt the first \$4,050.00 (for 2017) from being taxed. That is the first \$4,050.00 of income you receive in the calendar year is not subject to tax.

Standard Deduction

Nonresident Aliens CANNOT take this deduction on their tax return with the exception of *Students from India*. Resident Aliens can take the standard deduction on their tax return. This deduction will exempt \$6,300 (for 2017) from being taxed.

Income Tax Treaties

The United States has income tax treaties with a number of foreign countries. Under these treaties, residents (not necessarily citizens) of foreign countries are taxed at a reduced rate, or are exempt from U.S. income taxes on certain items of income they receive from sources within the United States. These reduced rates and exemptions vary among countries and specific items of income. Tax treaties reduce the U.S. taxes of residents of foreign countries. With certain exceptions, they do not reduce the U.S. taxes of U.S. citizens or residents. U.S. citizens and residents are subject to U.S. income tax on their worldwide income. Income tax treaties are negotiated by the governments to avoid double taxation between countries. Every tax treaty has different provisions and the U.S. does not have an income tax treaty with every country. The IRS will publish treaty countries and provisions in IRS Pub 901 – U.S. Tax Treaties. You must have a U.S. Social Security Number or

ITIN (Individual Taxpayer Identification Number) in order to take a tax treaty benefit.

If you are working for UNR or receiving taxable scholarships, you need to meet with the NRAT Specialist (Kellie Grahmann). If there is a tax treaty benefit available, you will sign treaty forms that may reduce or eliminate the tax you need to pay in the U.S. The treaty forms (8233 form and certification) are annual forms and need to be signed every December. Please visit the NRAT Specialist to sign forms every December.

How do I figure out how much tax I owe?

Gross income (calendar year) minus personal exemption (\$4050 for 2017) minus tax treaties (if eligible) minus standard deduction (Students from India or Resident Aliens only) = Taxable income x Tax rate = Tax Due. The tax due minus tax withheld = tax owed to the IRS or tax refund (IRS owes you).

IRS Tax Forms

Why am I receiving these forms?

These informational forms are already completed by your employer, school or your bank. They are to be used for purposes of completing your annual U.S. tax return.

W-2 Form

Statement issued by your employer(s) of wages/compensation you received as an employee. This will show you the total amount of wages paid to you and taxes withheld during the previous calendar year. This form can be downloaded from Employee Self Service on the Business Center North (BCN) website at the end of January each year.

1042-S Form

Statement issued by your employer or school. Represents wages/compensation you received as an employee of which no Federal income tax was withheld on these earnings due to a treaty benefit. It can also represent taxable scholarships you received of which either federal income tax was withheld at 14% (F or J Status) or 30%, or no tax was withheld due to a treaty benefit. UNR provides this form around mid-February.

1098-T Form

Statement issued by your school reporting tuition and fees billed for the calendar year. This form is available for download in MyNevada in January. Nonresident Aliens are not able to use this form because they are not eligible to take the any tax credits or deductions on their tax return. If you are a Resident Alien, you may be able to use this form for tax return purposes.

1099-MISC Form

Statement issued by a company that you were employed at as an Independent Contractor. It may also represent miscellaneous income such as a prize or award you received. 1099-MISC forms should not be issued to Nonresident Aliens. The proper form is a W-2 or 1042-S Form. Many employers incorrectly issue this form to Nonresident Aliens as they are unaware of special NRA withholding or reporting.

1099-INT Form

Statement issued by your Financial Institution of interest income earned on deposits in banks, insurance companies, etc. Interest income is not subject to income tax when earned by Nonresident Aliens with one exception. If the bank account is connected to a U.S. trade or business, such as a rental of U.S. property, the interest is taxable. If you are a Nonresident Alien and your bank sends you a W-8BEN Form to complete, you should complete the form and give to your bank.

Other Tax Forms

W-8BEN Form

Nonresident Aliens will complete this form to certify their residency or foreign status.

W-9 Form

Resident Aliens/Permanent Residents/U.S. Citizens will complete this form to certify their residency.

W-4 Form

This is completed by employees to be given to their employer for Federal tax withholding purposes. For withholding purposes, Nonresident Aliens are subject to withholding on wages (see tax withholding above). Resident Aliens can complete this form generally with no limitations.

8233 Form and Certification

This form is a treaty form and an exemption from tax withholding. These forms expire every calendar year.

Tax Season? When are tax returns due? What is the tax return due date?

Tax return season normally starts in February and runs to April 15th or following business day if the 15th falls on a weekend or holiday.

The Tax Year

The tax year is a calendar year (Jan 1 – Dec 31).

Does Nevada have a State Income Tax?

No, Nevada is one of seven states that do not have a State Income Tax. Keep in mind that if you transferred to UNR from another State and you had income in that state, you may have to file a State Income Tax Return.

What is a tax return?

A tax return is the tax form or forms used to report income and file income taxes with the IRS. Tax returns allow taxpayers to calculate their tax liability and remit payments or request refunds, whatever the case may be. The tax return form(s) is a reconciliation of the calendar year activity of income you earned, taxes you paid

(withheld) and if you are due money back or you owe the IRS additional tax. Everyone who works and is paid in the U.S. including students receiving taxable scholarships are required to file a tax return. A tax return is completed if you had income in the U.S. (even if you were on a treaty benefit). The word "return" doesn't necessarily imply a return of money by the IRS each year.

What is the purpose of a tax return?

It's required by law. Since a tax return is an annual reconciliation form, the IRS may owe you money back or you could owe the IRS money. If more tax was withheld during the calendar year than the actual tax owed to the IRS, they will send you back the difference once they process your tax return. And if not enough tax was withheld during the calendar year than the actual tax owed to the IRS, you will have to pay the IRS the difference by April 15th with your tax return.

What types of forms

Nonresident Aliens file a different type of annual tax return (1040NR or 1040NREZ Forms) than a Resident Alien or U.S. Citizen (1040, 1040A or 1040EZ Forms). Even if you had no U.S. income and were here in the U.S. during the year in F or J status, you need to complete an 8843 Form each year. You will not need a SSN or ITIN to file an 8843 Form.

Can a NRA claim the education credit (American Opportunity Tax Credit AOTC) on their tax return to receive \$1000.00 refund from the IRS?

Only U.S. Citizens/Permanent Residents i.e. Green Card or Resident Aliens can claim this refundable tax credit if eligible. The credit is only available by filing a 1040, 1040A or 1040EZ tax return. These forms are only for U.S. Citizens/Permanent Residents/Resident Aliens. The filing of an incorrect tax return which is then used for a future immigration benefit process (extension of stay, change in status, and adjustment to green card status) may result in United States Citizenship and Immigration Services (USCIS) not allowing the benefit process. Intentionally submitting a tax return to get higher refunds when the taxpayer knows that they are claiming deductions that they are not eligible for is a form of tax fraud which is technically a criminal offence. The IRS may catch this error later after the tax filing period is over when either applying for Permanent Residency or a Change of Status, or if you are selected for an audit. The IRS will assess interest and penalties if amounts are owed. You can choose to amend (correct) your tax return and pay back the IRS if you incorrectly filed your tax return.

Record Retention – How long do I need to keep my tax forms?

We recommend you keep your forms forever. The IRS has a detailed Publication 17 that details how long you should keep them but there is no standard rule. Tax records are used in the U.S. for many purposes. You may also need to show them to officials for immigration purposes or when applying for Permanent Residency. Most IRS tax forms will have a year on them so keep them filed by calendar year. It is recommended that you also keep them in electronic format also.

I am married so why am I filing my tax return as a Single Person? Special Tax Return Filing for Married Individuals

Nonresident Aliens will file a Single tax return separate from their spouse unless they can make the special election. If you are a Nonresident Alien and you are married to a U.S. Citizen or Resident Alien, you can choose to file as a Resident Alien and file a Married Filing Joint tax return with your spouse. A special statement election is necessary to be sent with your tax return.

IMPORTANT Information - Other Tax Return Preparation Software and Tax Return Preparers

International Students and Scholars (Nonresident Aliens) should NOT use tax preparation software such as TurboTax, H&R Block, etc. These online tax filing software programs will prepare tax return forms for U.S. Citizens/Resident Aliens/Permanent Residents (1040 or 1040A or 1040EZ Forms). Use GLACIER Tax Prep software to file non-resident tax returns (federal taxes). You must request an access code from OISS to access the software. Access Codes are available late February, OISS will send an email when the access codes are available. To obtain an access code come to OISS and present your University of Nevada, Reno ID, or email your request to oiiss@unr.edu with your full name and NSHE ID number. To prepare your taxes you will need your passport, I-20 or DS-2019 or I-797 notice (if you changed your status in the U.S.), W-2 (summary of earnings) and/or 1042-S forms and any other tax filing forms you may have received. If you have not received your W-2 from the University, contact the Payroll Office (Ross Hall, Room 102, phone: 775-784-6653) to request your W-2 or go to [Business Center North: Payroll](#). Check your [Employee Self-Service](#) account first to make sure you did not receive an electronic version of the W-2. Form 1042-S is issued by the Controller's Office to those who received room and board scholarship or took advantage of tax treaty benefits. Email nra@unr.edu to request the 1042-S.

Summary

Welcome to the United States and I hope this information has been helpful. We do not work for the IRS and we are here to assist you in understanding the U.S. tax system and your individual tax return filing requirements. If you have any other questions, let us know.

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