

Tax Obligations for Internationals in F-1 & J-1 Statuses

Almost all internationals are required to file a Form 8843. All internationals in F-1 and J-1 status who receive any sort of income—including tuition reductions, scholarships, fellowships, grants, stipends, salaries, wages, interest, dividends, *etc.*—from U.S. sources are also required to file tax returns with federal and state governments. When filing tax returns you do all three of the following:

- Report all U.S.-source income for the entire previous year (January 1-December 31),
- Calculate how much tax is owed on that income,
- At both levels of government, if you are owed money, request it. If you owe money, pay it. (Most taxpayers are owed money.)

The U.S. Internal Revenue Service (IRS) requires that you submit tax returns by April 15. State tax offices use the same deadline.

To ease the burden of having to make lump-sum payments on April 15, your sources of income may already have withheld estimated tax owed and paid it directly to the IRS and state tax departments. However, because withholdings are based on estimates, you may owe more to the two levels of government, but it is more often the case that the various tax departments owe you money.

Please note that UC San Diego cannot offer specific “tax advice.” It is your responsibility to understand your tax obligations. Unfortunately tax regulations can be confusing, and rules are different for international students and scholars. So you should rely only on professionals with training in “non-resident alien (NRA) tax regulations” to help file your taxes.

For federal taxes, precise and detailed information is available in IRS Publications:

- 519: *U.S. Tax Guide for Aliens*
- 520: *Scholarships and Fellowships*
- 597: *Information on the US-Canada Income Tax Treaty*
- 901: *U.S. Tax Treaties*, and
- 1040NR and 1040NR-EZ *Instructions*.

For California state taxes, you will need Form 540NR.

You can find these publications at the web sites listed below. This guide is a summary of tax requirements for most F-1 and J-1 internationals, but it is no substitute for the materials listed above. Read this guide to help you understand these publications, and do not hesitate to seek out competent tax advice (see Section V).

Note: In most cases the requirements reviewed here apply only for the first—

- Five calendar years that you are in the U.S. as a student in F-1 or J-1 status
- Two calendar years that you are in the U.S. as a J-1 professor or scholar.

Even if you were in the U.S. in F-1 or J-1 status for only one day in any calendar year, you must count that day as a whole calendar year. If you have been in the U.S. for longer than five calendar years for enrolled students, or two calendar years for J-1 scholars, use IRS Publication 519 “substantial presence test” to determine your tax filing status.

REMEMBER: Different rules apply to professors and scholars in statuses other than J-1. If you were in H-1B, O-1, TN, or another status, this information does NOT apply to you.

For more detailed information on how to file taxes, please contact one of the following:

Federal Taxes, General	(800) 829-1040	http://www.irs.gov
Federal Taxes, International	(above; ask for nonresident tax returns).....	http://www.irs.gov/Individuals/International-Taxpayers
California State Taxes	(800) 338-0505	http://www.ftb.ca.gov/

Table of Contents

General Information	1	D. Understand the Types of Income that You Are Expected to Report	4
Section I. Upon Accepting Income, Remember These Forms	2	E. Collect the Following Information & Forms	4
Section II. Get Ready	3	F. Don't Forget Your Institution Address & Phone.....	4
A. Familiarize Yourself with IRS Materials & Vocabulary	3	Section III. File Your Federal Tax Returns	5
B. Determine Whether You Are Eligible to File As a Nonresident	3	Section IV. File Your State Tax Returns.....	5
C. Find Out if Your Country Has a Tax Treaty with the U.S.....	3	Section V. Resources for Tax Information & Support	6

Section I: Upon Accepting Income, Remember These Forms

The following forms should have been completed, signed, and submitted upon accepting employment or when opening a bank account. The information collected is used to estimate tax withholding and will affect your taxes.

I-9 Employment Eligibility Verification. Before you begin, your employer should have asked you to complete (or completed for you) Form I-9 to show that you are eligible to work. You should have completed Section I with your personal information, including your Social Security Number. You should have also completed a statement that says, “I attest, under penalty of perjury, that I am” You should have marked the box “An alien authorized to work until” and put the completion date on your I-20 (F-1) or DS-2019 (J-1), or the end date your Responsible Officer used in your employment authorization letter. You should then have entered your I-94 number. You had to show your employer your passport, I-94, and I-20 or DS-2019. (If you are in enrolled full-time and in F-1 status ONLY, you are eligible to work at UC San Diego facilities “incident to status”—no written authorization is required.)

W-4 Withholding Allowance Certificate. If you received wages (compensation for teaching, research, or other employment), you were required to complete a Form W-4. Because the instructions on the W-4 apply ONLY to U.S. citizens, you should have used the following instructions:

- 1) On line #3, check only “Single” marital status (regardless of your actual marital status).
- 2) On line #5, claim only one allowance, unless you are a resident of Canada, Mexico, Korea, a U.S. national (U.S. Virgin Islands, American Samoa, and the Northern Marianas Islands), or a student from India.
- 3) On line #7, do not claim “Exempt” withholding status.

Form 8233 Exemption from Withholding on Compensation for Independent Personal Services of a Nonresident Alien Individual. If a tax treaty between the U.S. and your country provides an exemption from withholding from your wages, you should have notified the payer of the income to claim the benefits of the treaty. You should have been asked to complete the Foreign Information Collection Form and Form 8233 and have your supervisor submit it to Human Resources / Payroll. You must submit these two forms to Human Resources / Payroll every year that you continue to work for the University. Consult IRS Publication 901: *U.S. Tax Treaties* and IRS Publication 519: *U.S. Tax Guide for Aliens* Appendix A (for students) or B (for professors and scholars).

Form W-8BEN Certificate of Foreign Status of Beneficial Owner for U.S. Tax Withholding. You should have submitted this form to your bank or credit union. When opening an account, provide your passport and SSN or ITIN to a bank or credit union representative and ask to fill out this form. You should also use the W-8BEN to claim a tax treaty benefit from the University BEFORE receiving payments from a scholarship or fellowship.

Section II: Get Ready

A. Familiarize Yourself with IRS Materials & Vocabulary

It is important for you to understand what you are filing. This information was prepared especially for you with the help of the IRS. Read it carefully. Then you will not need to spend time studying every IRS publication. But before doing anything else do take a little time to familiarize yourself with the publications that apply to you:

Publication 519: U.S. Tax Guide for Aliens—Pay special attention to what applies to you.

Publication 597: Information on the U.S.-Canada Income Tax Treaty—If you are from Canada, please read this.

Publication 520: Scholarships and Fellowships—If you have a scholarship, fellowship, grant, tuition reduction, etc., be sure to read and understand these IRS rules and definitions. Understanding the different categories may help you file your tax returns in a way that saves you money.

Publication 901: U.S. Tax Treaties—Check to see if your country has a tax treaty with the U.S. If so, make sure you understand it.

Review the instructions for the **Form 1040NR** and **1040NR-EZ**.

B. Determine Whether You Are Eligible to File As A Nonresident Alien

Did you have U.S.-Source income in the tax year?	<p>Students with taxable U.S. income. Every F-1 and J-1 student who receives any type of income from a U.S. source (including UC San Diego) and who claims nonresident alien tax status must file a Form 8843 as well as Form 1040NR or Form 1040NR-EZ by April 15.</p> <p>Students with no taxable U.S. income. Every F-1 and J-1 student with no U.S. income needs only to file IRS Form 8843. [Note: Many tax preparers recommend that all internationals file Form 1040NR or 1040NR-EZ even though they have no income to report or taxes to pay.]</p>
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See section D below for what IRS considers “income,” “taxable income,” and “non-taxable income.”

Is Your IRS Status Resident or Nonresident Alien?	<p>IRS definitions of “resident” and “nonresident” differ from definitions pertaining to your I-94 status as an international in the U.S. IRS usually considers internationals in F-1 and J-1 status who comply with U.S. Department of Homeland Security regulations to be nonresident aliens for up to—</p> <ul style="list-style-type: none"> • Five calendar years for students (both F-1 and J-1) • Two calendar years for scholars (J-1 only) <p>If you have been in compliance with F-1 or J-1 status for more than the above limits, carefully review IRS Publication 519 and instructions for Form 8843 to determine whether to file as a resident or nonresident.</p> <p>Nonresident aliens only report and pay taxes on U.S.-source income. In addition, if a tax treaty exists between your home country and the U.S., all or a portion of your U.S.-source income may be exempted from taxes as well. (See Publication 901: U.S. Tax Treaties.)</p> <p>Resident aliens should file Form 1040, 1040A, or 1040 EZ (notice that the letters “NR” for Nonresident are missing from the names of these forms).</p>
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C. Find Out if Your Country Has a Tax Treaty with the U.S.

Different benefits for students, scholars, and professors	<p>The U.S. has signed tax treaties with more than 50 countries. Many of these tax treaties provide exclusions for wages, scholarships, and fellowships, and other sorts of income paid to international students, professors, & scholars. (See Publication 901: U.S. Tax Treaties for details.)</p> <p>If you want to claim an exemption from withholding of U.S. taxes based on a tax treaty, you should file one or both of the following forms with Human Resources / Payroll and renew your filing every year:</p> <ol style="list-style-type: none"> 1. Form 8233 to claim a treaty exemption related to income from wages 2. Form W-8BEN to claim a treaty exemption related to scholarship and fellowship income
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D. Understand the Types of Income that You Are Expected to Report

Payment for Services performed in the U.S.	<p>Wages that appear on any Forms W-2 are taxable income and should be reported on your tax returns. Any scholarship or fellowship income you receive might be taxable as wages if you are required to perform any personal services as a condition for receiving the payments.</p> <p>If employment of F-1 and J-1 internationals is authorized under their I-94 status and they are still nonresident aliens, then they are not covered under the U.S. Social Security program; Social Security and Medicare taxes should not be withheld from their pay as long as they maintain F-1 or J-1 status.</p>
Scholarships, Fellowships, Grants, Tuition Reduction, etc. from a U.S. Source	<p>For tax purposes a fellowship or scholarship is an amount given to individuals to support their study, training, or research. If you are required to perform services as a condition of receiving payment, then the payment will be treated as wages—not a scholarship or fellowship. Recipients who are candidates for a degree are not taxed on portions spent on tuition, fees, books, supplies, and other required equipment.</p> <p>However, amounts from a grant that are used for other expenses—<i>e.g.</i>, travel or living expense not required for courses—are taxable. See Publication 520: <i>Scholarships and Fellowships</i>. Taxable scholarships and fellowships paid to nonresident aliens (in F, M, or J status) are subject to 14% withholding of federal income tax, and should be reported to them on Form 1042-S. (Nonresident aliens in statuses other than F or J are subject to 30% income tax on their scholarship or fellowship income.) Tax treaties may eliminate taxes on scholarship and fellowships.</p>
Interest from U.S. Bank Accounts	<p>Interest income that is not connected with a U.S. trade or business is not taxable to nonresident aliens if the interest income is paid from one of the following sources:</p> <ol style="list-style-type: none"> 1) U.S. Bank 2) U.S. Savings & Loan Association 3) U.S. Credit Union 4) U.S. Insurance Company <p>This nontaxable interest should NOT be reported on Form 1040NR or 1040NR-EZ. Instead, before the end of the tax year, you should submit form W-8BEN to your bank or financial institution.</p>

E. Collect the Following Information & Forms

Your passport including

- All visas
- I-94 card

List of all U.S. entry & exit dates of the calendar year through December 31 and the visas you used to enter

Your I-20 or DS-2019

Social Security Number (SSN) or Individual Taxpayer Identification Number (ITIN)

Addresses

- Current U.S. address
- Permanent address in home country

Name, title, address, and phone of the Chair or Director of your Department or Program

Documents establishing all U.S.-source income

- Forms W-2, 1099-Int, 1099, and/or 1042-S
- Other income statements
- Letters describing scholarship or fellowship

F. Don't Forget Your Institution Address & Phone

University of California, San Diego
9500 Gilman Drive, Mail Code #0123
La Jolla, CA 92093-0123
(858) 246-1448

Section III: File Your Federal Tax Returns

Do It By Computer!	Many internationals should be able to do their federal tax return online via Glacier Tax Prep . This software is easy to use. It asks simple questions, determines your IRS tax filing status, calculates your tax liability, and prints out most forms you might need for filing federal tax returns—all in about 20 minutes. There's even online support if you have questions. Access codes will be available by March 15 th .
Manually Fill Out IRS Tax Forms	<p>If you are filing as a nonresident alien, you normally would be required to file—</p> <ol style="list-style-type: none">1. Form 8843 For all internationals and dependents to indicate IRS-defined nonresident status.2. Form 1040NR For internationals who have U.S. source income <p>These forms are available at http://www.irs.gov.</p>
Keep A Copy of Everything on File	Keep photocopies of every form, letter, or supporting document that you submit with your tax returns. Record-keeping is very important for your entire stay in the U.S., and possibly for years after your departure. It is also important to keep information on all income including receipts, canceled checks, bank statements, W-2 Forms, <i>etc.</i>

Section IV File Your State Tax Return

Internationals are also responsible for filing tax returns in the state in which they reside. Forms and instructions for California taxes are available at <http://www.ftb.ca.gov/>.

Section V

Resources for Tax Information & Support

Workshops	Federal and state tax workshops will be held in March; no RSVP is required—just come if you are interested. Stay tuned to the website and your Global Education listserv for information about the tax workshops.									
IRS (Federal) Web Site	Go to http://www.irs.gov/Individuals/International-Taxpayers/Foreign-Students-and-Scholars									
IRS (Federal) Tax Offices	<p>Internal Revenue Service</p> <p>San Diego District</p> <p>880 Front Street San Diego, CA 92101</p> <p>Appointment: https://www.irs.gov/help/contact-my-local-office-in-california</p> <p>Office information: 619-321-5950</p>									
California State Tax Offices	<p>San Diego</p> <p>7575 Metropolitan Drive Suite 201 San Diego, CA 92108-4421</p> <p>Appointment: https://kiosk.na4.qless.com/kiosk/app/home/440</p> <p>Phone: 619 688-2550</p>									
Professional Tax Preparation Services	<p>In addition to the IRS, commercial services are available to help but be sure your tax preparer has experience in nonresident alien taxation. Discuss the fees and what specific services the fees will cover. Here are professionals trained in nonresident alien taxation—</p> <table style="width: 100%; border: none;"> <tr> <td style="vertical-align: top; width: 33%;"> <p>Jeff Ward (CPA) 3941 Mason St, Suite 4 San Diego, CA 92110 (619) 725-0935</p> </td> <td style="vertical-align: top; width: 33%;"> <p>Tim Kelley (CPA) 5151 Shoreham Place, Suite 250 San Diego, CA 92122 (858) 558-7777</p> </td> <td style="vertical-align: top; width: 33%;"> <p>H&R Block 7770 Regents Rd, Suite 111 San Diego, CA 92122 (858) 658-9260 http://www.hrblock.com</p> </td> </tr> <tr> <td style="vertical-align: top;"> <p>Jerry Shaffer (CPA) 7816 Ivanhoe Avenue #2 La Jolla, CA 92037 (858) 587-1112 jerryshaffer CPA@hotmail.com</p> </td> <td style="vertical-align: top;"> <p>Jackson Hewitt Tax Service 5755 Oberlin Dr, Floor 3 San Diego, CA 92121 (858) 412-1215</p> </td> <td style="vertical-align: top;"> <p>Gary Engler gary@englercpa.com http://www.englercpa.com/international.html</p> </td> </tr> <tr> <td style="vertical-align: top;"> <p>LPLM Tax Attorneys, Inc. (760) 730-5395 www.LPLMTaxAttorneys.com</p> </td> <td style="vertical-align: top;"> <p>Tax Back International (888) 203-8900 http://www.taxback.com</p> </td> <td></td> </tr> </table>	<p>Jeff Ward (CPA) 3941 Mason St, Suite 4 San Diego, CA 92110 (619) 725-0935</p>	<p>Tim Kelley (CPA) 5151 Shoreham Place, Suite 250 San Diego, CA 92122 (858) 558-7777</p>	<p>H&R Block 7770 Regents Rd, Suite 111 San Diego, CA 92122 (858) 658-9260 http://www.hrblock.com</p>	<p>Jerry Shaffer (CPA) 7816 Ivanhoe Avenue #2 La Jolla, CA 92037 (858) 587-1112 jerryshaffer CPA@hotmail.com</p>	<p>Jackson Hewitt Tax Service 5755 Oberlin Dr, Floor 3 San Diego, CA 92121 (858) 412-1215</p>	<p>Gary Engler gary@englercpa.com http://www.englercpa.com/international.html</p>	<p>LPLM Tax Attorneys, Inc. (760) 730-5395 www.LPLMTaxAttorneys.com</p>	<p>Tax Back International (888) 203-8900 http://www.taxback.com</p>	
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	<p>UC San Diego does not endorse these or any commercial tax preparation firms. You should read the relevant IRS publications and choose a firm with care.</p>									