

UNDERSTANDING TAXES IN THE UNITED STATES

“Tis impossible to be sure of any thing but Death and Taxes”

- The Cobbler of Preston, by Christopher Bullock (1716)

AGENDA

- Tax types—Income vs Payroll (FICA)
- Tax residency status—Resident vs Nonresident
- Tax treaties
- Taxation process
- Tax forms: W-2, W-4, DE 4, and 1042S; 1040, 1040NR, 8843, CA 540, CA 540 NR
- Tax filing resources
- Tax filing timeline

WHY SHOULD I PAY TAXES?



COMPLY WITH FEDERAL IMMIGRATION LAWS—
FAILURE TO COMPLY CAN HAVE NEGATIVE
CONSEQUENCES FOR PERMANENT RESIDENCY
APPLICATIONS (SUBMISSION OF TAX
DOCUMENTS)



COMPLY WITH FEDERAL AND STATE TAX LAWS—
FAILURE TO COMPLY CAN RESULT IN CIVIL OR
CRIMINAL PENALTIES, AND/OR ASSESSED FINES

Federal Income Tax versus Payroll (FICA) Tax

- Income tax—graduated rates

- **Marginal Rates:** For tax year 2022, the top tax rate remains 37% for individual single taxpayers with incomes greater than \$539,900 (\$647,850 for married couples filing jointly).

The other rates are:

35%, for incomes over \$215,950 (\$431,900 for married couples filing jointly);

32% for incomes over \$170,050 (\$340,100 for married couples filing jointly);

24% for incomes over \$89,075 (\$178,150 for married couples filing jointly);

22% for incomes over \$41,775 (\$83,550 for married couples filing jointly);

12% for incomes over \$10,275 (\$20,550 for married couples filing jointly).

The lowest rate is 10% for incomes of single individuals with incomes of \$10,275 or less (\$20,550 for married couples filing jointly).

- **Payroll Tax: “FICA”**—Federal Insurance Contributions Act—includes social security and medicare taxes (for disability/retirement and health care)
 - 6.2% of individual’s pay and 6.2% match by employer for social security
 - 1.45% of individual’s pay and 1.45% match by employer for medicare
 - <https://www.irs.gov/taxtopics/tc751>

Tax Jurisdictions

Federal (Internal Revenue Service “IRS”)

- Income Tax
- FICA tax (social security, medicare)

State (California Franchise Tax Board “FTB”)

- Income Tax (not all states levy an income tax!)
- Sales Tax

Local (county, municipality)

- Sales Tax

Tax Residency Status (Federal)

Nonresident Aliens for Tax Purposes (NRAs)

- Taxed only on U.S. source income (income from an entity inside the U.S.)
- Certain nonimmigrant statuses do NOT pay FICA taxes (F1 and J1; H-1Bs do pay FICA taxes)
- Excluded from taking most tax benefits (e.g., claiming allowances for dependents, most itemized deductions, child care credit)
- Complete the FORM 8843 and, if required, the FORM 1040NR, to meet compliance

Resident Aliens for Tax Purposes (RAs)

- Taxed on worldwide income
- Pay FICA taxes
- Eligible for all tax benefits for which U.S. citizens are eligible
- Complete the FORM 1040 to meet compliance

Determining Federal Tax Residency Status

Green Card Test

Substantial Presence Test: complicated formula

- At least 31 days of presence in tax year, AND
- 183 days of presence during the three-year period:
 - Tax Year 2021 $XX \times 1 =$ _____
 - Tax Year 2020 $XX \times 1/3 =$ _____
 - Tax Year 2019 $XX \times 1/6 =$ _____
- Exception: “Exempt Individuals” in J or F status—can exclude days of presence for purposes of the above test:
 - F/J students: exempt individuals for up to five years of presence—lifetime total
 - J scholars: exempt individuals for two years of presence over prior six years
 - SEE: <https://www.irs.gov/individuals/international-taxpayers/substantial-presence-test>

Federal Tax Residency Status: Examples

- J-1 Postdoctoral Scholar Employee (paid by UCSD): arrived Dec. 14th, 2021 and still working here; no prior visits in J/F status to U.S.
 - NRA or RA for 2022? How about 2023?
- F-1 First Year PhD student: attended UG program in New York starting Sept 1st, 2018 as F-1 student and transferred to UCSD in 2022 for PhD; no prior F or J history
 - NRA or RA for 2022? How about 2023?
- F-1 OPT employee: started F-1 Master's program on September 1st, 2019, graduated in 2021 and on OPT since. No prior F-1 or J-1 history.
 - NRA or RA for 2022? How about 2023?
- H-1B employee: arrived September 1, 2022
 - NRA or RA for 2022?

Remember: when a J1/F1 becomes a Resident Alien for federal tax purposes, they start paying FICA taxes—7.65% of your income—starting on Jan 1 of the year they become an RA (note IRS exception for enrolled students employed by their schools: <https://www.irs.gov/charities-non-profits/student-exception-to-fica-tax>)

F-1 or J-1 Students on OPT/AT: if you're still going to be an NRA or eligible for tax treaty benefits, make sure your employer understands this during your onboarding and takes appropriate action (not withholding FICA and/or applying appropriate tax treaty benefits)

Tax Treaties

Tax Treaty with China:

- List of treaties at: <https://www.irs.gov/businesses/international-businesses/united-states-income-tax-treaties-a-to-z>
 - Both Treaties and “Technical Explanations”
 - Look for relevant “Article”
- Article: determined by immigration status:
 - F-1 in degree program or on OPT: Student – even if Lecturer or Ladder Rank faculty!
 - J-1: category determines: student or scholar?
 - VGS is a J-1 “Research Scholar” and thus “Researcher” and not “Student” article applies

ARTICLE 19

Teachers, Professors and Researchers

This article provides that a resident of a Contracting State who goes to the other Contracting State for the primary purpose of teaching, lecturing, or conducting research at an accredited educational institution or scientific research institution in that other State will be exempt from tax in that other State on the remuneration for such activities for a period of up to three years in the aggregate. Thus, for example, a resident of China who visits the United States to conduct research at the National Institute of Health (NIH) for two years, 1986 and 1987, returns to China for a year, and then comes back for another year of research at NIH in 1989 would be exempt from tax on his NIH remuneration for each of the three years. However, if he stayed at NIH in 1990 or returned at a later time the exemption would no longer be available. The exemption provided in this article is not available if the research is not undertaken in the

TREASURY DEPARTMENT TECHNICAL EXPLANATION OF THE AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE PEOPLE’S REPUBLIC OF CHINA FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF TAX EVASION WITH RESPECT TO TAXES ON INCOME

GENERAL EFFECTIVE DATE UNDER ARTICLE 27: 1 JANUARY 1987

The Agreement, an accompanying Protocol, and an exchange of letters were signed in Beijing on April 30, 1984. Hereafter, the term “Agreement” refers to the three documents. The term “Agreement” has the same meaning as “Treaty” or “Convention”, and the Agreement is subject to the same ratification requirements and has the same force as a Convention or Treaty.

The Agreement is based on the model income tax conventions published by the Organization for Economic Cooperation and Development in 1977, the United Nations in 1980, and the U.S. Treasury Department in 1981.

This technical explanation is an official guide to the Agreement. It reflects policies behind particular provisions as well as understandings reached with respect to the interpretation and application of the Agreement.

TABLE OF ARTICLES


Article 1	Persons Covered
Article 2	Taxes Covered
Article 3	Definitions
Article 4	Residence
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Article 6	Income from Real Property
Article 7	Business Profits
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Article 16	Artistes and Athletes
Article 17	Pensions and Annuities
Article 18	Government Employees and Pensions
Article 19	Teachers, Professors and Researchers
Article 20	Students and Trainees
Article 21	Other Income
Article 22	Elimination of Double Taxation

Tax Treaties--Benefits

- [Publication 4011](#): lists countries, time/dollar limits, articles

Student income:

Countries With Treaty Benefits for Studying and Training (Income Code 20)

 The following is a quick-reference summary of treaty benefits. For more information about the application of these treaty benefits, see Publication 901.


Country	Maximum Years in U.S.	Maximum Dollar Amounts	Treaty Article
Bangladesh	No Limit*	\$8,000	21(2)
Belgium	No Limit	9,000	19(1)(b)
Bulgaria	No Limit	9,000	19(1)(b)
China	No Limit	5,000	20(c)
Cyprus	5	2,000	21(1)
Czech Republic	5	5,000	21(1)
Egypt	5	3,000	23(1)
Estonia	5	5,000	20(1)
France	5	5,000	21(1)
Germany	4 [†]	9,000	20(4)
Iceland	5	9,000	19(1)
Indonesia	5	2,000	19(1)
Israel	5	3,000	24(1)
Korea, South	5	2,000	21(1)
Latvia	5	5,000	20(1)
Lithuania	5	5,000	20(1)
Luxembourg	2 [‡]	No Limit	21(2)
Malta	No Limit	9,000	20(2)
Morocco	5	2,000	18
Netherlands	No Limit	2,000	22(1)
Norway	5	2,000	16(1)
Philippines	5	3,000	22(1)
Poland	5	2,000	18(1)
Portugal	5	5,000	23(1)
Romania	5	2,000	20(1)
Slovak Republic	5	5,000	21(1)
Slovenia	5	5,000	20(1)
Spain	5	5,000	22(1)
Thailand	5	3,000	22(1)
Trinidad and Tobago	5	2,000	19(1)
Tunisia	5	4,000	20
Venezuela	5	5,000	21(1)

* 2-year limit applies to business or technical apprentices.

† Treaty contains provisions that retroactively eliminates benefits if the allowable period in the U.S. or income amounts are exceeded as defined in the treaty.

Scholar income (note Retroactive clauses for India, Netherlands, Thailand, UK):

Countries With Treaty Benefits for Teaching (Income Code 19)

 The following is a quick-reference summary of treaty benefits. For more information about the application of these treaty benefits, see Publication 901.

Country	Maximum Years in U.S.	Maximum Dollar Amounts	Treaty Article
Bangladesh	2	No Limit*	21(1)
Belgium	2	No Limit	19(2)
Bulgaria	2	No Limit	19(2)
China	3	No Limit	19
Commonwealth of Independent States**	2	No Limit	V(1)
Czech Republic	2	No Limit	21(5)
Egypt	2	No Limit	22
France	2	No Limit	20
Germany	2	No Limit	20(1)
Greece	3	No Limit	XII
Hungary	2	No Limit	17
India	2 [‡]	No Limit	22
Indonesia	2	No Limit	20
Israel	2	No Limit	23
Italy	2	No Limit	20
Jamaica	2	No Limit	22
Japan	2	No Limit	20
Korea, South	2	No Limit	20
Luxembourg	2 [‡]	No Limit	21(2)
Netherlands	2 [‡]	No Limit	21(1)
Norway	2	No Limit	15
Pakistan	2 [‡]	No Limit	XII
Philippines	2	No Limit	21
Poland	2	No Limit	17
Portugal	2	No Limit	22
Romania	2	No Limit	19
Slovak Republic	2	No Limit	21(5)
Slovenia	2	No Limit	20(3)
Thailand	2 [‡]	No Limit	23
Trinidad and Tobago	2	No Limit	18
Turkey	2	No Limit	20(2)
United Kingdom	2 [‡]	No Limit	20(1)
Venezuela	2	No Limit	21(3)

* 2-year limit applies to business or technical apprentices.

** Commonwealth of Independent States (Armenia, Azerbaijan, Belarus, Georgia, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan and Uzbekistan.)

† Treaty contains provisions that retroactively eliminates benefits if the allowable period in the U.S. or income amounts are exceeded as defined in the treaty.

How Are Taxes Paid?

**** DUE DATE:
APRIL 15****

Federal/State income taxes are “Pay as you go” —throughout the year. U.S. employers are required to withhold taxes (FICA/Income) on employees and pay these to the federal/state governments throughout the tax year.

Employee estimates their tax liability on the Form W-4 and comparable state form. NRAs must complete the W-4, but they are not given choices (must indicate “single” and no more than “1” see: IRS [Notice 1392](#)). RAs can make choices. The employer then withholds this amount from the employee’s paycheck.

Tax Treaty benefits, NRA status may affect withholding—no FICA taxes for NRA J1s and F1s; tax treaty may exempt employee from any federal withholding (but not state withholding!)

April 15th of year following tax year: Federal and State tax returns due!
Reconciliation process: Total tax liability is determined and then compared with tax paid in throughout the year, and the refund due or amount still owed is determined in the actual tax return.

UC San Diego Glacier Record

- UCSD uses the software application “Glacier” to help determine both federal tax residency status and federal withholding requirements on each international scholar/student—and for distribution of the 1042-S form
- All internationals must complete an online Glacier Record if they will be receiving payments from UCSD. To do so, see:
https://blink.ucsd.edu/finance/payroll/foreign/visitors/G4foreign.html?_ga=2.113594244.24229848.1534195399-963265510.1529613322
- After completing the Glacier Record, the employee will receive documentation that indicates their tax residency status and any applicable treaty benefits (must print and sign forms and return them to payroll office!)
- UCSD withholding will reflect information in the Glacier record

UC San Diego Glacier Record

Login: <https://www.online-tax.net/>

Tax Summary Report

Based on the information provided, GLACIER has made the following determination

Name: = [REDACTED]

Tax Residency Status: = **Nonresident Alien for U.S. Tax Purposes**

Tax Residency Status Change Date: = **July 3, 2023 to Resident Alien**

Tax Residency Status Start Date: = **January 1, 2023 to Resident Alien**

Future Tax Residency Status Change Date: = **January 1, 2025 to Nonresident Alien**

Future Tax Residency Status Start Date: = **January 1, 2025 to Nonresident Alien**

Tax Treaty Exemption Status (Compensation): = **Exempt**

Tax Treaty Time Limit (Compensation): = **Three Years From Date of Arrival**

Tax Treaty Exemption Period (Compensation): = **January 20, 2022 - January 18, 2025**

Tax Treaty Dollar Limit (Compensation): = **Unlimited Dollar Amount**

Applicable Tax Withholding Rate = **Single (Monthly)**
(If Tax Treaty Not Applicable or Forms Not Submitted)
(Compensation):

FICA Tax Status: = **Taxable**

FICA Tax Start Date: = **January 1, 2023**

Forms Required: = **Tax Summary Report**
Form W-4
Form W-9 / Statement
Form 8233
Treaty Attachment

Document Copies Required: = **I-94 / I-94W Card**
Visa Sticker/Stamp (in passport)
Form DS-2019

UC San Diego Tax Forms: W-4

Federal withholding form W-4

- RA: can make choices on how to fill out form based on personal circumstances; instructions help identify best estimate for meeting tax obligations—especially the “Personal Allowances Worksheet” (see: <https://www.irs.gov/pub/irs-pdf/fw4.pdf>)
- NRA Filing Status: must fill out as “Single” or “Married filing separately;” see IRS “Notice 1392” for specific information—these instructions supersede those for the W-4: <https://www.irs.gov/pub/irs-pdf/n1392.pdf>

Form W-4		Employee's Withholding Certificate		OMB No. 1545-0074	
Department of the Treasury Internal Revenue Service		<p>▶ Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay.</p> <p>▶ Give Form W-4 to your employer.</p> <p>▶ Your withholding is subject to review by the IRS.</p>		2022	
Step 1: Enter Personal Information	(a) First name and middle initial		Last name	(b) Social security number	
	Address				
	City or town, state, and ZIP code				
	<p>▶ Does your name match the name on your social security card? If not, to ensure you get credit for your earnings, contact SSA at 800-772-1213 or go to www.ssa.gov.</p>				
(c) <input type="checkbox"/> Single or Married filing separately					
<input type="checkbox"/> Married filing jointly or Qualifying widow(er)					
<input type="checkbox"/> Head of household (Check only if you're unmarried and pay more than half the costs of keeping up a home for yourself and a qualifying individual.)					

Step 1(c): Personal Information. Check the Single or Married filing separately box regardless of your actual marital status.

UC San Diego Tax Forms: Employee's Withholding Allowance Certificate— Form DE 4

CA FTB withholding form DE 4

- FTB approach to taxation is different from the IRS; but CA does state to use the same filing status as for federal.
- DE 4 has worksheet to help you predict appropriate withholding (see: https://www.edd.ca.gov/pdf_pub_ctr/de4.pdf)



EMPLOYEE'S WITHHOLDING ALLOWANCE CERTIFICATE

Type or Print Your Full Name	Your Social Security Number
Home Address (Number and Street or Rural Route)	Filing Status Withholding Allowances
City, State, and ZIP Code	<input type="checkbox"/> SINGLE or MARRIED (with two or more incomes) <input type="checkbox"/> MARRIED (one income) <input type="checkbox"/> HEAD OF HOUSEHOLD

1. Number of allowances for Regular Withholding Allowances, Worksheet A _____ 0
 Number of allowances from the Estimated Deductions, Worksheet B _____ 0
 Total Number of Allowances (A + B) when using the California Withholding Schedules for 2019 _____ 0

OR

2. Additional amount of state income tax to be withheld each pay period (if employer agrees), Worksheet C _____
 OR

3. I certify under penalty of perjury that I am not subject to California withholding. I meet the conditions set forth under the Service Member Civil Relief Act, as amended by the Military Spouses Residency Relief Act. (Check box here)

Under the penalties of perjury, I certify that the number of withholding allowances claimed on this certificate does not exceed the number to which I am entitled or, if claiming exemption from withholding, that I am entitled to claim the exempt status.

Signature _____ Date _____

Employer's Name and Address	California Employer Payroll Tax Account Number
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----- cut here -----

Give the top portion of this page to your employer and keep the remainder for your records.

YOUR CALIFORNIA PERSONAL INCOME TAX MAY BE UNDERWITHHELD IF YOU DO NOT FILE THIS DE 4 FORM.

IF YOU RELY ON THE FEDERAL FORM W-4 FOR YOUR CALIFORNIA WITHHOLDING ALLOWANCES, YOUR CALIFORNIA STATE PERSONAL INCOME TAX MAY BE UNDERWITHHELD AND YOU MAY OWE MONEY AT THE END OF THE YEAR.

UC San Diego Tax Forms: W-2

- Employees access this form online; see: <https://blink.ucsd.edu/finance/payroll/w2/online.html?ga=2.1534322.2104490675.1566235862-294974019.1537917223>

Summary of annual income and withholding

a Control number		d Employee's social security number 999-99-9999		1 Wages, tips, other compensation 41,770.30		2 Federal income tax withheld 1,802.47		
c Employer's name, address, and ZIP code UNIV OF CALIFORNIA - BERKELEY BUSINESS SVCS. - PAYROLL #1104 BERKELEY, CA 94720-1104			b Employer identification number 94-6002123		3 Social security wages 42,391.57		4 Social security tax withheld 2,628.28	
				5 Medicare wages and tips 42,391.57		6 Medicare tax withheld 614.68		
				9 Advance EIC payment		10 Dependent care benefits		
e Employee's name, suffix BEAR, OSKI		f Employee's address and ZIP code 951 BEARS ROAD BERKELEY, CA 94720		12 See Instrs. for Box 12		14 Other		
				12a C 0.00		DCP-CAS 0.00		
				12b E 0.00		DCP-REG 914.29		
				12c G 0.00		INCLUDED IN BOX 01:		
				12d P 0.00		OTHER INC 0.00		
						INTEREST 0.00		
						FRINGES 0.00		
This information is being furnished to the Internal Revenue Service. OMB No. 1545-0008 Department of the Treasury-Internal Revenue Service				11 Nonqualified plans		Form W-2 Wage and Tax Statement 2010		
				13 Statutory Employee <input type="checkbox"/>		Retirement Plan <input checked="" type="checkbox"/>		
						Third-party sick pay <input type="checkbox"/>		
Copy B. To Be Filed With Employee's FEDERAL Tax Return.								
15 State	Employer's state I.D. No.	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality		
CA	935-0503-0	41,770.30	488.19					

- Box 1: Income (does not include pretax deductions, such as health insurance)
- Box 2: Federal income tax withheld
- Box 3: Total income for FICA taxation purposes
- Box 4,6: FICA taxes
- Box 17: State income tax withheld

UC San Diego Tax Forms: 1042-S

- Wage/Salary payments exempt from withholding based on tax treaty
- Fellowship payments to NRAs
- Note: you may receive multiple 1042-S forms! (e.g., if you receive both wages and fellowship as an NRA)
- UCSD delivers these either online (sign up through Glacier) or physical mail

Form 1042-S		Foreign Person's U.S. Source Income Subject to Withholding			2008		OMB No. 1545-0096	
Department of the Treasury Internal Revenue Service		<input type="checkbox"/> AMENDED		<input type="checkbox"/> PRO-RATA BASIS REPORTING		Copy A for Internal Revenue Service		
1 Income code 19	2 Gross income 5000	3 Withholding allowances	4 Net income 5000	5 Tax rate	6 Exemption code 04	7 Federal tax withheld		
						8 Withholding by other agents		
						9 Total withholding credit		
10 Amount repaid to recipient				14 Recipient's U.S. TIN, if any ▶ 010-00-0101				
				<input checked="" type="checkbox"/> SSN or ITIN <input type="checkbox"/> EIN <input type="checkbox"/> QI-EIN				
11 Withholding agent's EIN ▶ 16-6000000		15 Recipient's foreign tax identifying number, if any PEOPLES REPUBLIC OF CHINA		16 Country code CH				
<input checked="" type="checkbox"/> EIN <input type="checkbox"/> QI-EIN								
12a WITHHOLDING AGENT'S name STATE UNIVERSITY				17 NQI's/FLOW-THROUGH ENTITY'S name		18 Country code		
12b Address (number and street) 345 UNIVERSITY ST				19a NQI's/Entity's address (number and street)				
12c Additional address line (room or suite no.)				19b Additional address line (room or suite no.)				
12d City or town, province or state, country, ZIP or foreign postal code COLLEGETOWN, NY				19c City or town, province or state, country, ZIP or foreign postal code				
13a RECIPIENT'S name JOY KIM			13b Recipient code 04	20 NQI's/Entity's U.S. TIN, if any ▶				
13c Address (number and street) 123 UNIVERSITY LANE				21 PAYER'S name and TIN (if different from withholding agent's)				
13d Additional address line (room or suite no.)				22 Recipient account number (optional)				
13e City or town, province or state, country, ZIP or foreign postal code COLLEGETOWN, NY 00000				23 State income tax withheld	24 Payer's state tax no.	25 Name of state NEW YORK		

For Privacy Act and Paperwork Reduction Act Notice, see page 16 of the separate instructions. Cat. No. 11386R Form **1042-S** (2008)

Box 1: Income Code (16: scholarship/fellowship; 19: teaching; 20: studying)

Box 2: Total income covered under treaty benefits

Box 7/23: federal/state income tax withheld

See UCSD [information on Form 1042-S](#)

NOTE: UCSD will issue a W-2 as well for state tax purposes

FEDERAL TAX
RETURN—
WHICH
FORMS?

	NRA	RA
If no U.S. source funding:	Form 8843	Form 1040* *certain exceptions to this requirement
If U.S. source funding:	Form 8843, Form 1040NR	Form 1040

Instructions and Forms downloadable at IRS.gov website:

8843: <https://www.irs.gov/forms-pubs/about-form-8843>

1040NR: <https://www.irs.gov/forms-pubs/about-form-1040-nr>

1040: <https://www.irs.gov/forms-pubs/about-form-1040>

RESOURCES FOR COMPLETING FEDERAL TAX RETURNS

NRAs

Glacier Tax Prep (<https://www.glaciertax.com/>):

- web-based application to help NRAs complete 1040NR (federal tax return only!)
- available free-of-charge to NRAs affiliated with UCSD during the tax year (starting mid-February of the following year)
- will transfer certain data from your institutional Glacier record to GTP
- You still need to print out, sign, and physically mail the tax return to the IRS

RAs

- Electronic filing software (free if Adjusted Gross Income is below \$73,001: <https://www.irs.gov/filing/free-file-do-your-federal-taxes-for-free>)
- VITA (Volunteer Income Tax Assistance)—only if Adjusted Gross Income is below \$60,000: <https://www.irs.gov/individuals/free-tax-return-preparation-for-you-by-volunteers>
- Tax/accountant firms (costs will vary significantly)

NOTE: if as an RA you are still claiming tax treaty benefits, electronic software will generally NOT be able to handle this. For instructions on how to report this on the 1040, see IRS Publication 519, p. 47: <https://www.irs.gov/pub/irs-pdf/p519.pdf>

California Franchise Tax Board (FTB)

Residency: California has a different definition of residency: “closest connections”

- Amount of time you spend in California versus amount of time you spend outside California
- Location of your spouse/RDP and children
- Location of your principal residence
- State that issued your driver’s license
- State where your vehicles are registered
- State where you maintain your professional licenses.
- Location of the banks where you maintain accounts
- The origination point of your financial transactions
- Location of your medical professionals and other healthcare providers (doctors, dentists etc.), accountants, and attorneys.
- See: https://www.ftb.ca.gov/forms/2018/18_1031.pdf

Sourcing income: California considers income to be sourced based on where the work was done—if done in California, it is California source income! Even if employer is abroad.

Tax Treaties: CALIFORNIA DOES NOT RECOGNIZE TAX TREATIES!

California FTB: Income Tax Brackets

(Tax Year 2022 rates)

1. California Income Tax Table

Tax Bracket (Single) ^[2]	Tax Bracket (Couple) ^[3]	Marginal Tax Rate
\$0+	\$0+	1.00%
\$8,809+	\$17,618+	2.00%
\$20,883+	\$41,766+	4.00%
\$32,960+	\$65,920+	6.00%
\$45,753+	\$91,506+	8.00%
\$57,824+	\$115,648+	9.30%
\$295,373+	\$590,746+	10.30%
\$354,445+	\$708,890+	11.30%
\$590,742+	\$1,000,000+	12.30%
\$1,000,000+	\$1,181,484+	13.30%

Source: <https://www.nerdwallet.com/article/taxes/california-state-tax>

California FTB: Income Threshold for Filing

(Note: 2021 information)

Total gross income (worldwide)

Single or head of household

Age as of December 31, 2021*	0 dependents	1 dependent	2 or more dependents
Under 65	\$19,310	\$32,643	\$42,643
65 or older	\$25,760	\$35,760	\$43,760

California adjusted gross income

Single or head of household

Age as of December 31, 2021*	0 dependents	1 dependent	2 or more dependents
Under 65	\$15,448	\$28,781	\$38,781
65 or older	\$21,898	\$31,898	\$39,898

Part-year residents and nonresidents:

<https://www.ftb.ca.gov/file/personal/residency-status/part-year-and-nonresident.html>

Residents: <https://www.ftb.ca.gov/file/personal/residency-status/index.html>

Filing Your Individual Tax Returns

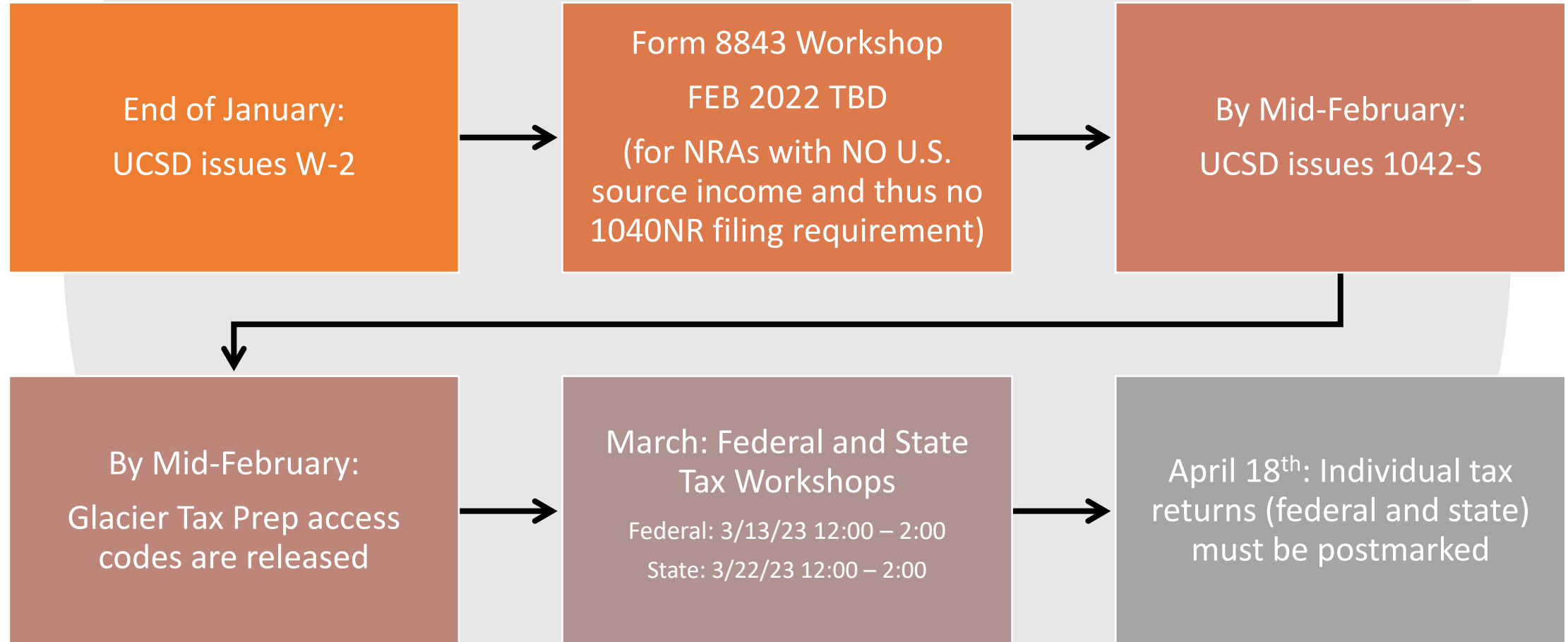
**** APRIL 15th ****

NOTE: Current forms not available

STATE FORMS:

- 540NR (nonresidents or part-year residents)
- 540 or 540 2EZ—residents
- 540NR Schedule CA--nonresidents
- 540 Schedule CA—residents

Filing Your Individual Tax Returns: Timeline



Resources

- IFSO website: <http://ifso.ucsd.edu/living-in-sd/taxes/index.html>
- Payroll website: <https://blink.ucsd.edu/finance/payroll/foreign/visitors/index.html>
- Tax FAQ for International Visitors (UCSD Blink):
 - <https://blink.ucsd.edu/finance/payroll/foreign/visitors/faq.html>
- internationaltaxhelp@ucsd.edu: generic email account for help understanding what resources exist to aid you with your filing
- glacier@ucsd.edu: generic email account for help with your Glacier record and understanding withholding from your paycheck
- GTP: online tax preparation (UCSD provides free of charge in February): <https://www.glaciertax.com/>
- Sprintax: solution for filing your state income tax return (UCSD provides discount code): https://www.sprintax.com/uni-lp.html?utm_ref=ucsd-state-tax-prep-solution&utm_content=prmc
- Tax Workshops: hosted in March every year
 - Federal tax workshop: Accounting Professor from SDSU Steve Gill presents on federal taxes and using GTP
 - California Franchise Tax Board representatives present on completing the California Tax return
 - See: <https://ifso.ucsd.edu/living-in-sd/lunch-and-learn.html#TAXES-|-Federal-Tax-Workshop>

Questions?

- Questions of general nature that will help multiple persons, please post to chat and I will attempt to answer them
- Questions about your personal situation whose answers are not transferable to others, please submit to internationaltaxhelp@ucsd.edu and I will attempt to answer them from that email account