Nonresident Tax Webinar – Stony Brook University
Before we start

Disclaimer:

The aim of this presentation is to provide you with a general understanding of tax principles as they apply to international students and as such, is for information purposes only. Each individual has a unique tax position and is responsible for their own tax determination and compliance.
Overview

• Overview of tax for nonresident students and scholars

Understand the implications of not filing/misfiling

Using Sprintax to assist with tax compliance

Questions and discussion
Important dates for 2021

✔ 2021 tax filing season is for income from:
  • 1st January – 31st December 2021
✔ Tax filing season won’t begin until late January 2022
✔ Filing deadline is:

  Monday, April 18th 2022*
What determines residency for tax purposes?
Generally, most international students & scholars who are on F, J, M or Q visas are considered nonresident for tax purposes.

International students on J1 & F1 visas are automatically considered nonresident for their first 5 calendar years in the US.

Scholars/Researchers (and their dependents) on J visas are automatically considered nonresidents for 2 out of the last 6 calendar years in the US.

If they've been in the US for longer than the 5 or 2 year periods, the Substantial Presence Test will determine their tax residency.

183 days
# Residency summary

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of years exempt from SPT</th>
<th>FICA Exemption</th>
</tr>
</thead>
<tbody>
<tr>
<td>F -1</td>
<td>5</td>
<td>Y</td>
</tr>
<tr>
<td>F - 2</td>
<td>5</td>
<td>N</td>
</tr>
<tr>
<td>J1 Student, non degree</td>
<td>5</td>
<td>Y</td>
</tr>
<tr>
<td>J1 Au pair and EduCare</td>
<td>2 of 6</td>
<td>Y</td>
</tr>
<tr>
<td>J1 Camp Counselor (summer camp)</td>
<td>2 of 6</td>
<td>Y</td>
</tr>
<tr>
<td>J1 Intern</td>
<td>2 of 6</td>
<td>Y</td>
</tr>
<tr>
<td>J1 Summer Work/Travel</td>
<td>2 of 6</td>
<td>Y</td>
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<tr>
<td>J1 Teacher</td>
<td>2 of 6</td>
<td>Y</td>
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<tr>
<td>J1 Trainee</td>
<td>2 of 6</td>
<td>Y</td>
</tr>
<tr>
<td>J1 Alien Physician</td>
<td>2 of 6</td>
<td>Y</td>
</tr>
<tr>
<td>J1 Student, Bachelor’s</td>
<td>5</td>
<td>Y</td>
</tr>
<tr>
<td>J1 Student, Doctorate</td>
<td>5</td>
<td>Y</td>
</tr>
<tr>
<td>J1 Student, Intern</td>
<td>5</td>
<td>Y</td>
</tr>
<tr>
<td>J1 Student, Masters</td>
<td>5</td>
<td>Y</td>
</tr>
<tr>
<td>J1 Government Visitor</td>
<td>2 of 6</td>
<td>Y</td>
</tr>
<tr>
<td>J1 International Visitor</td>
<td>2 of 6</td>
<td>Y</td>
</tr>
<tr>
<td>J1 Professor</td>
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<td>Y</td>
</tr>
<tr>
<td>J1 Short-Term Scholar</td>
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<td>Y</td>
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<tr>
<td>J1 Specialist</td>
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<td>Y</td>
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<tr>
<td>J1 Research Scholar</td>
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<td>Y</td>
</tr>
<tr>
<td>J2</td>
<td>2 of 6</td>
<td>N</td>
</tr>
</tbody>
</table>
Every nonresident who is an exempt individual must complete Form 8843 – irrespective of income or days of presence.

As there is no personal exemption amount for 2021, any nonresidents who have received taxable earnings or income over $0 will have a federal filing requirement (1040-NR).

1040-NR-EZ has been discontinued since 2020 tax season.

Every nonresident has some type of IRS filing obligation.
Form 8843 – minimum filing requirement for all nonresident aliens.
Popular types of US income

- Employment
- Scholarship covering costs other than tuition and tuition related expenses
  - Room and board
  - Stipend
- Investment income/Crypto

Other Income?

- Gambling winnings
- Focus group – gift card
- Rental income (over 14 nights)
- Selling art/design works
- All reportable
Income which does not trigger a filing requirement for nonresidents

- Scholarship for tuition and related expenses
- Scholarship received from outside the US
- Money transferred from parents/relatives overseas
  - Income 'earned' in their home country (investment income, rent, job before moving to US, etc.)
  - Interest on regular savings account
Income documents

Income documents nonresidents may receive at the end of the tax year

**W2** - Deadline to receive – January 31st 2022
✔ Outlines Wages, Salary, Compensation from the entire year (Employment Earnings)

**1042-S** - Deadline to receive – March 15th 2022
✔ Taxable Scholarships/Stipends/Non-Degree Aid
✔ Income exempt by a tax treaty
✔ Royalty Payments
✔ Prize/Award/Miscellaneous foreign payments

**1099 Series** - Deadline to receive – typically by end of March
✔ Rental income
✔ Investment Income
✔ Commissions
✔ Independent Contractor Services

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**Webinar:**
Tax Season 2021 – Sprintax Nonresident Tax Webinar

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Nonresident spouse and dependents

✔ Same filing requirements as visa holder:

✔ No joint returns for Nonresidents

✔ Obligations
  - Minimum is Form 8843
  - 1040-NR if applicable
  - Each dependent should mail them in separate envelopes

✔ Nonresident can elect to file as resident – when married to a tax resident - but do the math on both options first!
FICA taxes

✔ Nonresident international students and scholars (J1 & F1) **should not** be paying FICA

✔ H-1B, J-2 and TN visa-holders, are subject to FICA taxes from their first day of employment

✔ Usually only applied to off-campus employment
  ✔ However tax residents do pay

✔ Opportunity to claim back
  ✔ From employer
  ✔ Via Form 843 & Form 8316
State taxes

- Resident, part-year resident and nonresident status
- Forms and rules vary from state to state
- Federation of Tax Administrators website www.taxadmin.org/state-tax-forms
New York State taxes

- Most full-time undergraduate students (F1’s and J1’s) are considered non-residents of NY state and city for tax purposes.

- Most graduate students, including part time students, J1 international professor, researchers and scholars, and individuals in H4 status are considered NY residents for state and city tax purposes if they both:
  1) had a place to stay in NY for at least 11 months
  2) were physically in NY for at least 6 months of the year.
New York State taxes

Do I need to file New York state tax return?

• You must file a NY Tax Return if:
  • You are a non-resident with New York source income and your New York adjusted gross income exceeds your New York standard deduction, $8,000 for 2021 tax year
  • You are resident and you are required to file a federal return
  • You may have additional filing responsibilities if you have Yonkers or New York City income.
ITIN
Individual Taxpayer Identification Number

✔ Required when filing Federal return but not eligible for a SSN

✔ Most common among scholarship recipients

✔ If filing an ITIN before tax return, documents can be certified by a responsible officer at the school

✔ If filing an ITIN alongside tax return, the rules change and a copy of passport needs to be certified by CAA, or local IRS office/home country passport office/embassy. Alternatively, IRS Taxpayer Assistance Centers can be used for authenticating passports. You must make an appointment by phone to go there. There are no viable CAAs in Manhattan.

✔ Sprintax ITIN blog for further information:
http://blog.sprintax.com/how-apply-itin-outside-us/
1098-T

- Tuition Statement
- Mostly used to claim education tax credit
- Significant cause of misfiling for nonresidents
- Not relevant for tax nonresidents
- Sometimes - all students with an SSN on file with their school will get one, even nonresidents, so it can cause a lot of confusion!
Filing incorrectly and the stimulus checks
Missed a year? Filed as a resident by mistake?

✔ Don’t panic!
  • but do set the record straight

✔ Never filed…
  • Catch up
  • Can back file at any stage
  • Can only claim a refund for previous 3 years

✔ Misfiled…
  • 1040X Amended US Individual Income Tax Return
    • Simple form, similar to 1040
Stimulus payments overview

✔ First stimulus check was issued in March/April 2020

✔ Second stimulus check was issued by the IRS in December 2020

✔ Third stimulus check issued by the IRS in March 2021

✔ Generally, US citizens and resident aliens who are not eligible to be claimed as a dependent on someone else’s income tax return and have a valid SSN are eligible for the second and third payment

✔ Won’t qualify for the first or second stimulus check if they are a nonresident alien for tax purposes for 2020

✔ Won’t qualify for the third stimulus check if they are a nonresident alien for tax purposes for 2021

www.sprintax.com

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Implications of not filing

✔ Nonresidents are required to comply with all US laws, including IRS & filing tax forms (even if only 8843).
✔ Remaining compliant is part of maintaining visa status in the US.
✔ Not filing could affect future immigration status (like H1B, LPR)
✔ Fines, penalties and interest can accrue if the IRS are owed
✔ Might be missing out on a refund!
Using Sprintax
You should expect to receive a similar email from your international office including your link to Sprintax and your unique code shown in Step 3 of the email.

Dear Alex,

It is important to be aware that, as a nonresident in the US, you are legally required to file a tax return if you received US income during 2021 by the 10 April 2022 deadline. And even if you didn’t work or receive income in the US, you are still required to file a Form 8843 with the IRS.

Sprintax has arranged access to Sprintax for you. Sprintax will guide you through the tax preparation process, arrange the necessary documents, and check if you’re due a tax refund.

Sprintax was used by over 170,000 international students, scholars, and nonresidents last year, and the average Federal refund received by eligible students was over $1,158.

All you need to do is:

1. Register and follow the online instructions.
2. Complete the online questionnaires.
3. Enter your unique code (SprintaxTaxCode) in the box on the “Tell us your order page.”
4. Sprintax will prepare your tax return.

Once you complete the preparation process in the Sprintax software, you may need to print, sign, and mail your documents to the IRS.

Depending on your circumstances, you may be able to e-file your Federal tax return. However, this will depend on certain eligibility criteria.

You can learn more about eligibility in this Sprintax blog: [https://blog.sprintax.com/nonresident-federal-tax-filing-tax/](https://blog.sprintax.com/nonresident-federal-tax-filing-tax/)

If you have a state filing requirement, you must also mail this to the tax authorities. Finally, if you only need to file Form 8843, this will also need to be mailed to the IRS.

If you have any questions, the Sprintax team will be happy to help via their 24/7 Live Chat.

Best Regards,

Sprintax University
Login page

✔ The link will bring you to the Sprintax landing page where you register an account for free
Residency determination

✔ Once in the system you will be asked questions about your time in the US and your visa details
✔ We will confirm residency for tax purposes
✔ If you are resident for tax purposes we will stop you at this page and also recommend our partner for resident taxes, Turbotax (only if you are a resident for tax purposes).
Income details

- Income document information provided from W-2, 1042-S, 1099's
- Also note the **Support** button which you can use to access the FAQs or ask the **live chat team** questions as you go through the system

**OCR** (Optical Character Recognition is here!)
State taxes

✔ The system will also recognize if you need to file a state tax return

✔ Some students may have multiple state filing requirements, depending on their circumstances
State taxes

An example is shown where the system has identified that the student has a state filing requirement from New York.

We have reviewed your information and found that you need to file the following tax return(s):

Select the State Tax return(s) you would like to file:

- [ ] New York

If you have an access code you can enter it later on the order review page.
Order breakdown

✔ At the end of the process Sprintax will outline the order breakdown and the costs involved.
E-filing is available for federal returns

✔ The option to e-file is here for federal tax returns!

✔ Students will see the option to proceed with federal e-filing if it is available to them

✔ [Link](http://blog.sprintax.com/nonresident-federal-tax-efiling-live/)
Generation of tax forms

State tax returns, and Form 8843 alone will still need to be mailed

Instructions provided
Other support

- Educational tax videos on YouTube
- Blog content for tax awareness
- 24/7 live chat
- Sprintax Forms
- Tax workshops and webinars
QUESTIONS:

• Live Chat on www.Sprintax.com