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Taxes & International Students

INTERNATIONAL STUDENT AND SCHOLAR SERVICES OFFICE (ISSSO)



TAX INFORMATION:

(Updated: February 20, 2019)

The information below does not apply to students who are permanent residents of the U.S. (have a "green card"), have U.S. passports or are permanent residents for tax purposes.

Our International Student and Scholar Services Office (ISSSO) put together this concise and comprehensive manual about taxes and their implications for international students. Our main objective is to explain what you need to do about taxes. Our ISSSO office has gathered the information below from the U.S. Tax Guide for Aliens (Internal Revenue Service, IRS, Publication 519) and organizations around Salisbury, which help with tax preparation.

Why do I have to file a tax return?

Usually, when a person makes money in the United States, the federal (U.S.) and state (Maryland) governments will take taxes from the paychecks. The amount of money taken out depends on many things and can be different for each person – but the amount of money a person makes is a factor, or whether s/he is married or not.

Sometimes the governments will take more taxes than they are supposed to – or will take out fewer taxes than they are supposed to. The period of time between January 15 and April 15 of each year serves to straighten it all out through a process called "filing a tax return." This is done by filling out certain forms.

THIS IS WHAT THE LAW SAYS ABOUT FEDERAL TAXES:

- In order to be compliant with the law, **all students holding F and J visas in the United States are required to file a tax form, even if they have no U.S. source income.**
- You will file either as a resident, or non-resident.
NOTE: residency for tax purposes is different from residency for immigration purposes or from tuition! Therefore, you may qualify as a resident of the U.S. under tax law; yet remain a non-resident alien by Immigration Service and pay out-of-state tuition.

Filing tax returns:

1. If you have lived in the U.S. for less than five years, you must file as a non-resident. If you did not earn any U.S. income during the past year or your only income was from bank or credit union interest, then you only need to file form 8843, Statement for Exempt Individuals and Individuals with a Medical Condition. This form verifies that you qualify to exempt days of presence and protects you from being taxed as a resident. If you earned U.S. income but lived in the U.S. for less than five years then use forms:
 - 1040 NR EZ (if you made less than \$50,000 AND have no dependents to claim AND have no interest or dividend income) or 1040 NR (if you made more than \$50,000 or have dependents or interest or dividend income)
 - 8843 to verify your non-resident status (part I and III only), attached to your 1040 NR EZ or 1040 NR

- W-2 form, which you should have received in the mail from your employer
 - 1099 form, which you should have received from a bank/financial institution, if you have any taxable interest
2. If you have lived in the U.S. for more than five years, take the Substantial Presence Test (provided in this brochure). If you pass it, the forms you need are:
 - 1040 EZ (if you made less than \$50,000) or 1040 (if you made more than \$50,000)
 - W-2 form, which you should have received in the mail from your employer
 - 1099 form, which you should have received from a bank/financial institution, if you have any taxable interest
 3. If you received scholarships or grants from within the United States, you need to pay tax if:
 - you used the funds to pay for expenses OTHER THAN tuition, fees, books, supplies, equipment (for example, room, board or incidentals are taxable expenses)
 - it is income earned from a graduate assistantship
 - The additional form you will need is 1042S

OTHER IMPORTANT POINTS TO KEEP IN MIND:

- If you are a nonresident alien from a country with which the United States has an income tax treaty, you may qualify for certain benefits. Look in Publication 519 U.S. Tax Guide for Aliens to see if you're resident country is listed in the Table of Tax Treaties.
- If other taxes have been deducted from your paycheck (Social Security, Medicare) you might be eligible for a refund. Here is more information about that: www.irs.gov/faqs/faq13-5.html
- There can be immigration consequences for failing to file tax forms. For example, you may be asked to submit copies of previous year's income tax forms when applying for permanent residency.
- **The deadline for filing federal and state returns is April 15.** If you are only filing Form 8843, the deadline is June 15.
- You are responsible for paying the federal taxes even if you leave the United States. Before departure, it is

advisable to complete a certificate of compliance. Please contact the local IRS for more information.

• **Keep copies of all documents!**

How to get the federal tax forms?

- by calling 800-829-3676
- from Wicomico County Public Library, located on 122 South Division Street
- from the web: www.irs.gov/forms-instructions

How to get help with federal taxes?

Free help is available at the IRS office on 601 East Naylor Mill Road, Unit C. Their hours are Monday through Friday, 8:30 a.m.-4:30 p.m. You can walk-in or call 844-545-5640 to make an appointment. They should have all the necessary forms, but be sure to take your W2(s) and any 1099 forms with you.

The VITA (Volunteer Income Tax Assistance) Program through Shore Up! also offers free assistance with tax return preparation. Call 410-749-1142 between 9 a.m.-5 p.m to make an appointment. They are located at 520 Snow Hill Road.

THIS IS WHAT THE LAW SAYS ABOUT STATE TAXES:

Generally, if you are required to file federal taxes, you will have to file state as well. You have to file federal taxes before the state taxes (a copy of the 1040 form is needed to file state taxes).

If you have lived in Maryland for less than six months, you will file as a Maryland non-resident (505 Maryland Tax Return). If you have lived in Maryland for more than six months, you will file as a Maryland resident (502 or 503 Maryland Tax Return). (Once again, the Maryland residency is for tax purposes only, not immigration!) If you made less than \$8,750, you might be exempt from filing state taxes, but it depends on each individual, so please check with the office listed below!

How to get the state tax forms?

How to get help with state taxes?

Free help is available in the Comptroller of Maryland Office at Sea Gull Square, Suite 182 (1306 South Salisbury Blvd). Open Monday through Friday 8:30 a.m.-4:30 p.m., 410-546-8100. They should have all the necessary forms. Take your completed federal forms and W2s with you. From the web: www.marylandtaxes.com

How to find more information on the web?

Please click on the following site: <https://world.utexas.edu/iss/ ssn-tax>. It is a wonderful site from University of Texas that just makes the process easy!

We have experimented with one company, Complete Tax. You may find the Complete Tax website at www.completetax.com. Complete Tax gives you all the necessary instructions on what to do on

their website. After you download the program, it asks you questions pertaining to your financial situation and then it prepares the forms you need to file. The program will print and e-file your Federal and State Tax Return for \$44.90. (You must have a credit card to do so.)

Substantial Presence Test

You will be considered a U.S. resident for tax purposes if you meet the substantial presence test for the calendar year. To meet this test, you must be physically present in the United States on at least:

1. 31 days during the current year; and
2. 183 days during the 3-year period that includes the current year and the 2 years immediately before that, counting:
 - a) All the days you were present in the current year, and
 - b) 1/3 of the days you were present in the first year before the current year; and
 - c) 1/6 of the days you were present in the second year before the current year.

Example:

You were physically present in the United States on 120 days in each of the years 2005, 2006 and 2007. To determine if you meet the substantial presence test for 2007, count the full 120 days of presence in 2007, 40 days in 2006 (1/3 of 120) and 20 days in 2005 (1/6 of 120). Since the total for the 3-year period is 180 days, you are not considered a resident under the substantial presence test for 2007.

The term **United States** includes the following:

1. All 50 states and the District of Columbia,
2. The territorial waters of the United States, and
3. The seabed and subsoil of those submarine areas that are adjacent to U.S. territorial waters and over which the United States has exclusive rights under international law to explore and exploit natural resources.

The term does not include U.S. possessions and territories or U.S. airspace.

Please note that you will need to have the following in order to complete your tax return:

- Passport
- Form I-94
- Form I-20 (if F-1 visa holder) or Form DS-2019 (if J-1 visa holder)
- W-2 form
- 1042-S form
- Social security number or ITIN

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