



Welcome UNLV 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 responsibilities. 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.

Residency Rules

If you are not a Citizen of any country and you reside in that country, it is important to know the Federal residency rules of that country so you know which set of tax laws to follow. 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. This is not the same as residency rules for State or Tuition purposes.

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 2015 for the first time in F-1 status, your five Nonresident Alien years will be 2015-2019. You will become a Resident Alien for tax purposes for tax year 2020. 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.

UNLV can assist you in determining your Residency under the Substantial Presence Test once you meet with the Nonresident Alien Tax Specialist (Debbie Honrath).

Tax Withholding

What is Tax Withholding?

Think of tax withholding as a savings account. 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.

Wages

Nonresident Aliens are subject to withholding of income tax on wages paid by their employer for services performed in the United States. 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).

Resident Aliens are NOT subject to withholding of income tax on taxable scholarships. Tax withholding is different than taxable income. Resident Aliens (same as a U.S. Citizen) will still need to report taxable scholarships on their annual tax return.

Tax Rates

The income tax rates are graduated in the U.S. Higher amounts of income are taxed at a higher rate than lower amounts of income. During 2016, the lowest individual tax rate was 10% and the highest tax rate was 39.6%.

Income Tax Rates 2016

Single

\$0	\$ 9,275	10%
\$9,275	\$ 37,650	15%
\$37,650	\$ 91,150	25%
\$91,150	\$190,150	28%
\$190,150	\$413,350	33%
\$413,350	\$415,050	35%
\$415,050	no limit	39.6%

Personal exemption amount

The IRS will grant or exempt the first \$4,050.00 (for 2016) from being taxed. That is the first \$4,050.00 of income you receive in the calendar year is not subject to tax. The IRS changes this amount slightly each year.

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 2016) from being taxed. The IRS changes this amount slightly each year.

Income Tax Treaties

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 UNLV or receiving taxable scholarships, you need to meet with the NRAT Specialist (Debbie Honrath). 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 each December.

How do I figure out how much tax I owe?

Gross income (calendar year) minus personal exemption (\$4000 for 2015) 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 in EQUUS on the UNLV Human Resources 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. UNLV 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 MyUNLV 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 You Complete

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 Return Compliance

When is tax season?

Tax return season normally starts in February and runs to April 15th. UNLV will start scheduling tax return appointments and tax workshop sessions during the last week in February.

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

15 April, or the following business day if the 15th falls on a weekend or holiday

What is the tax year-end?

31 December. 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 UNLV 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?

Annual U.S. tax return forms are required Federal forms that are sent to the IRS every year. The tax return form(s) is a reconciliation form 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. A tax "return" does not mean it is a return of money. This goes back to the concept of tax withholding. If you had more tax withheld during the calendar year than the actual tax owed to the IRS...the IRS will send you back the difference once they process your tax return. And if you did not have enough tax withheld during the calendar year compared to 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 are correct?

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). Nonresident Aliens in F and J status both students and dependents also complete an 8843 Form annually. 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 Nonresident Alien claim the education credit (American Opportunity Tax Credit AOTC) on their tax return to receive \$1000.00 refund from the IRS?

No. 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, adjustment to green card status) may result in USCIS not allowing the benefit. 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. We can assist you in this process.

IRS Tax Compliance Link: <http://www.irs.gov/uac/Avoiding-Penalties-and-the-Tax-Gap>

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.

Tax Fraud

Nonresident Aliens are not eligible to take many of the tax credits, exemptions or deductions that U.S. Citizens can take for tax return purposes. The education deduction(s) or credit(s) is one of them. 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 USCIS not allowing the benefit. 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. We can assist you in this process.

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Tax Filing Software for Nonresident Aliens

Our office of Nonresident Alien Tax Services is available to assist the international community prepare their annual U.S. income tax return forms. UNLV provides our international community with free Nonresident Alien tax filing software developed by Thomson Reuters (Foreign National Tax Resource – FNTR for short). FNTR has a complete library of tax information developed specifically for Nonresident Aliens. It also includes State Income Tax information.

UNLV Tax Return Assistance Free

UNLV provides FREE tax preparation assistance regardless of residency status or citizenship status.

During tax season (Feb - April 15th), you will schedule an appointment with our office so we can help you prepare your annual tax return. We have different options to choose from. You can schedule a one on one appointment in our office, or a tax workshop setting with other students/scholars or if you are comfortable using the software, you can just pick up a code or request the FNTR access code/instructions be emailed to you each year. FNTR will prepare all the forms that you need to send to the IRS before the April 15th tax deadline.

If you are a Resident Alien for tax purposes, our VITA program located at the Student Union can provide free tax filing assistance. You will need a referral form from this office in order to use their services. The referral form provides VITA with certification that you are a Resident Alien for tax filing purposes.

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). The primary Nonresident Alien tax filing software programs are FNTR and Glacier. These programs prepare the 1040NR or 1040NREZ and 8843 tax forms for Nonresident Aliens. Do not go see a tax filing service preparer. They will charge you money to prepare your tax return and they are often unaware of the IRS Substantial Presence Test to determine your residency correctly in order to complete the correct tax return forms. They are not aware of the 8843 Form requirement either.

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.

Sincerely,

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