



An Introduction to U.S. Taxes

Office of International Services

Spring 2021



This Presentation Will...

- Provide information for students and scholars who need to file tax forms as **tax nonresidents**.
- Keep in mind that while the information presented here may seem complex, confusing, or overwhelming, if you are a tax nonresident and you use the Glacier Tax Prep program, most of your questions will be addressed by the software



This Presentation Will Not...

- Address your individual tax situation.
- This does not constitute legal tax advice, and no JHU office can or will answer questions about an individual's particular tax return
 - *Only a qualified tax preparer, such as an accountant, attorney, or otherwise trained professional, can provide individual advice. If you do seek outside legal advice, make sure the person you talk with is familiar with nonresident taxes—not all are.*



How We All Feel

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glasbergen.com



"Of course it's impossible to figure out.
That's why it's called the tax code!"



Some Tax Language

- **Withholding:** Money automatically taken from your paycheck by your employer to cover potential taxes
- **U.S. Source Income:** Personal income earned/received inside the United States
- **Scholarship or fellowship:** Funds provided for your educational expenses for which no services are required
- **Dependent:** Children and/or spouse for whom you are financially responsible
- **Tax Treaty:** An agreement entered into between your government and the United States under which they agree to limit or modify the application of their domestic tax laws



Tax Residence

- Your First Question: Are you a tax resident or a tax nonresident?
 - A Nonresident Alien (NRA) is a foreign national on a temporary visa who is not making a permanent home in the US and is subject to special tax withholding and reporting regulations.
 - A Resident Alien for Tax Purposes is taxed in the same manner as a U. S. Citizen, but is also a foreign national on a temporary visa or a permanent resident.
 - The primary difference is the length of time here in the US, and at times, the immigration status.
- Your tax residence status determines the forms you must file as well as how you are taxed



Tax Residence

- Your First Question: Are you a tax resident or a tax nonresident?
 - This determination includes your immigration status as a factor but is not equivalent to your immigration status
 - IRS Publication 519 contains information on determining tax residence status
 - Generally, F-1 and J-1 students are tax nonresidents for the first 5 calendar years they are in the U.S.
 - Generally, J-1 scholars (categories of professor, research scholar and short term scholar) are tax nonresidents for the first 2 calendar years they are in the U.S.
 - **But you must do a “Substantial Presence Test” to determine whether you are a nonresident or resident for tax purposes.** *GLACIER Tax Prep, the free tax prep software provided for JHU associates filing as nonresidents, will calculate your substantial presence test based on the info you enter in their system.*



Tax Residence

– You can also visit

<http://finance.jhu.edu/depts/tax/internationals.html>

Or

<https://www.irs.gov/individuals/international-taxpayers/substantial-presence-test>



Tax Residence

- Tax Residents
 - All worldwide income is taxable
 - May itemize tax deductions or take a standard deduction
 - Form is 1040
- Tax Nonresidents
 - Only US source income is taxable
 - No standard deduction
 - Typical forms are 1040-NR, 8843



As a Tax Nonresident...

- Due to the different rules and different tax rates, a tax nonresident may pay more taxes than a tax resident
 - Yes, you may end up paying more in taxes than your U.S. citizen colleagues.
- Residents of Mexico, Canada, South Korea and India may under certain circumstances claim children as dependents.



As a Tax Nonresident...

- **Nonresidents generally have to file some sort of tax form;**
 - Nonresidents with no US source income file IRS form 8843
 - Nonresidents with US source income file IRS form 1040NR and IRS form 8843
- Nonresidents in F-1 and J-1 status are exempt from FICA/Social Security and Medicare taxes
 - Tax residents who are in full-time student status are usually also exempt from these taxes
- Nonresidents generally cannot utilize education tax credits, even if you received form 1098-T
- Nonresidents are also not subject to the health insurance mandate of the Affordable Care Act (Obamacare), although they will be sent a 1095-B form



Basics of the US Income Tax Process

- The tax filing deadline is April 15
- The government agency responsible for tax compliance is the Internal Revenue Service, or IRS
- In most cases, the US government and the state government both collect income taxes and both require filing a return



Basics of the US Income Tax Process

- The tax year is based on the calendar year, so in 2021 you will be paying taxes for what you earned in 2020
- Your employer will deduct or “withhold” money from your pay based on how much they think you will owe, both for federal and state taxes



Basics of the US Income Tax Process

- Each taxpayer is required to file a form called a "**return**" to determine how much they owe.
 - You have to do this. The government will not do it for you
 - You are responsible for gathering the information you need to fill out your individual tax return
 - Failure to file a tax return or to knowingly file a false or incomplete return is a serious crime



Basics of the US Income Tax Process

- You will need to file tax returns for both the federal and state governments. Start with the federal, since the state will ask for information from your federal tax return at the start of your state tax return.



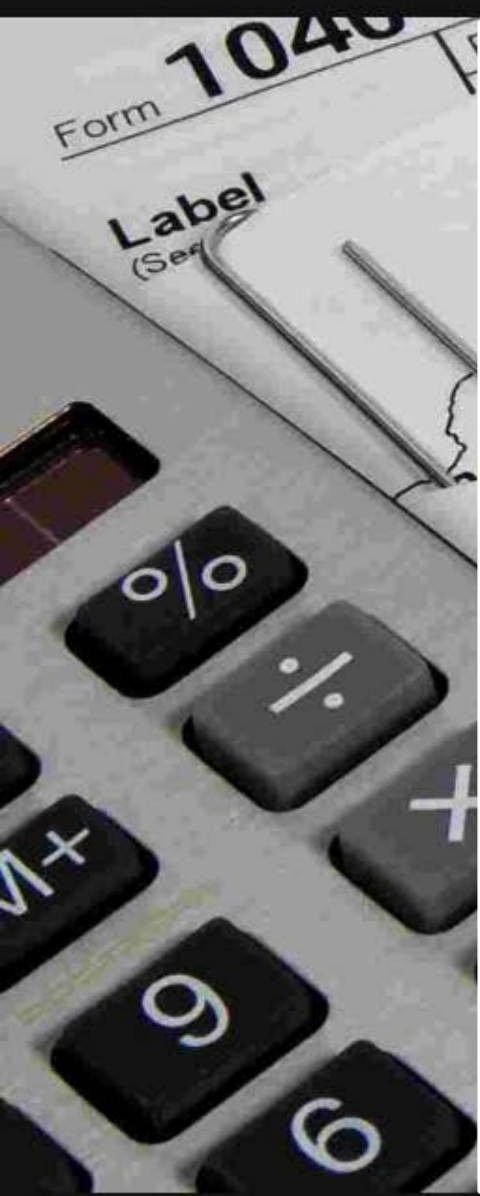
Basics of the US Income Tax Process

- In January or early February, your employer should give you a form called a W-2. This form lists how much you were paid during the tax year, along with how much was withheld for your federal and state taxes.




Basics of the US Income Tax Process

- Many employers (such as Johns Hopkins) provide this form online instead of sending you paper copies.
- Similar forms are the 1042-S for nonresidents who receive fellowship income or anyone who claims a tax treaty benefit and the 1099 for other types of income such as contract employment.



Tax Forms and Documents

W-2: official statement of wages earned and tax withholding

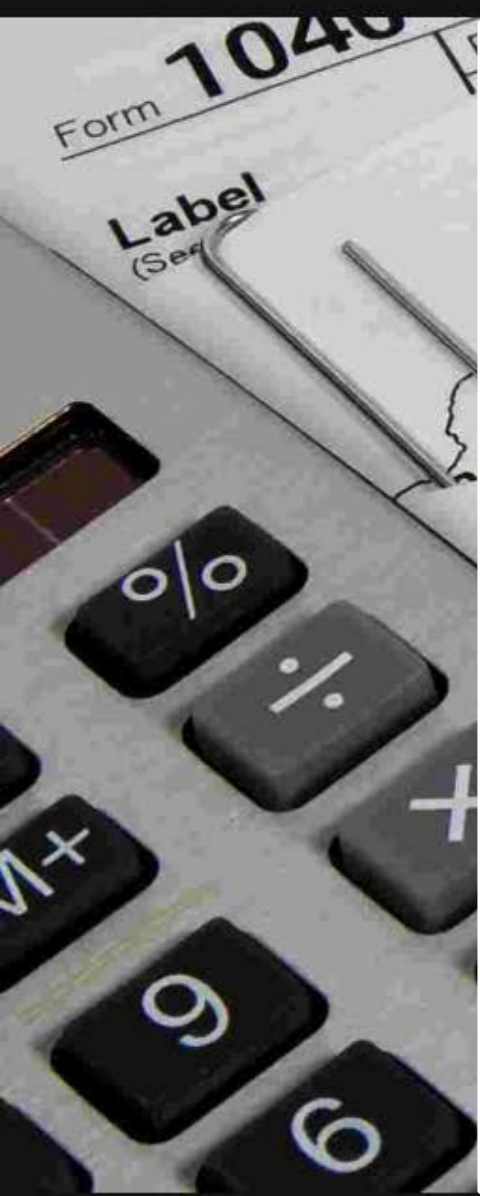
a Employee's social security number		Safe, accurate, FAST! Use 		Visit the IRS website at www.irs.gov/efile	
OMB No. 1545-0008					
b Employer identification number (EIN)		1 Wages, tips, other compensation	2 Federal income tax withheld		
c Employer's name, address, and ZIP code		3 Social security wages		4 Social security tax withheld	
		5 Medicare wages and tips		6 Medicare tax withheld	
		7 Social security tips		8 Allocated tips	
d Control number		9		10 Dependent care benefits	
e Employee's first name and initial Last name Suff.		11 Nonqualified plans		12a See instructions for box 12	
		13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/>		12b	
		14 Other		12c	
f Employee's address and ZIP code				12d	
15 State Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name

Form **W-2** Wage and Tax Statement

2020

Department of the Treasury—Internal Revenue Service

Copy B—To Be Filed With Employee's FEDERAL Tax Return.
This information is being furnished to the Internal Revenue Service.



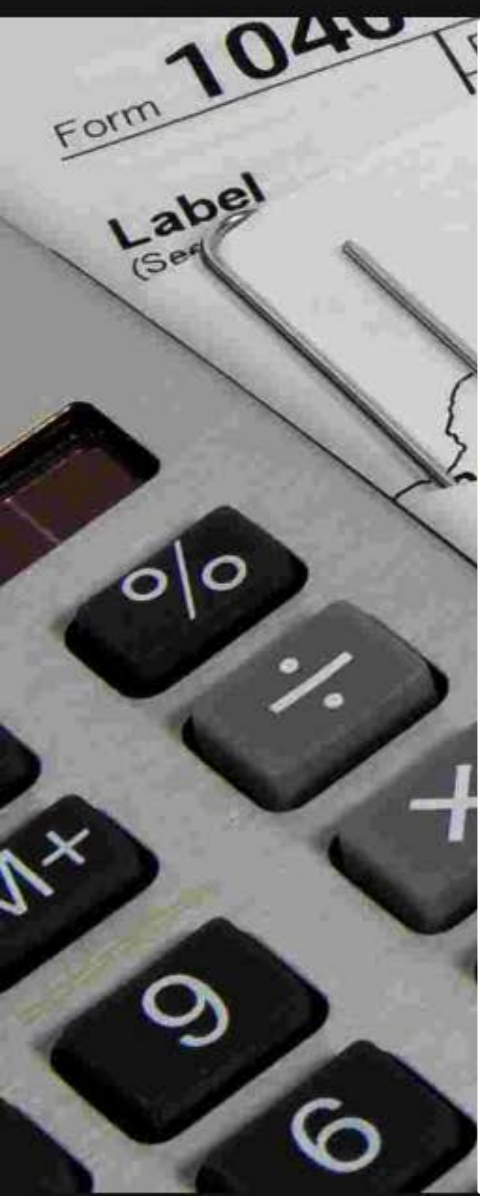
Tax Forms and Documents

1042-S: reports income subject to tax treaty exemption and fellowship payments

Form 1042-S		Foreign Person's U.S. Source Income Subject to Withholding 2020			OMB No. 1545-0096
Department of the Treasury Internal Revenue Service		Go to www.irs.gov/Form1042S for instructions and the latest information.			Copy B for Recipient
		UNIQUE FORM IDENTIFIER <input type="checkbox"/> AMENDED <input type="checkbox"/> AMENDMENT NO.			
1 Income code	2 Gross income	3 Chapter indicator. Enter "3" or "4"	13e Recipient's U.S. TIN, if any	13f Ch. 3 status code	
		3a Exemption code	4a Exemption code	13g Ch. 4 status code	
		3b Tax rate	4b Tax rate	13h Recipient's GILN	13i Recipient's foreign tax identification number, if any
5 Withholding allowance	6 Net income	7a Federal tax withheld	7b Check if federal tax withheld was not deposited with the IRS because escrow procedures were applied (see instructions) <input type="checkbox"/>	7c Check if withholding occurred in subsequent year with respect to a partnership interest <input type="checkbox"/>	8 Tax withheld by other agents
9 Overwithheld tax repaid to recipient pursuant to adjustment procedures (see instructions) ()	10 Total withholding credit (combine boxes 7a, 8, and 9)	11 Tax paid by withholding agent (amounts not withheld) (see instructions)	12a Withholding agent's EIN	12b Ch. 3 status code	12c Ch. 4 status code
12d Withholding agent's name	12e Withholding agent's Global Intermediary Identification Number (GIIN)	12f Country code	12g Foreign tax identification number, if any	12h Address (number and street)	12i City or town, state or province, country, ZIP or foreign postal code
13a Recipient's name	13b Recipient's country code	13c Address (number and street)	13d City or town, state or province, country, ZIP or foreign postal code	14a Primary Withholding Agent's Name (if applicable)	14b Primary Withholding Agent's EIN
				15 Check if pro-rata basis reporting <input type="checkbox"/>	15a Intermediary or flow-through entity's EIN, if any
				15b Ch. 3 status code	15c Ch. 4 status code
				15d Intermediary or flow-through entity's name	15e Intermediary or flow-through entity's GIIN
				15f Country code	15g Foreign tax identification number, if any
				15h Address (number and street)	15i City or town, state or province, country, ZIP or foreign postal code
				16a Payer's name	16b Payer's TIN
				16c Payer's GIIN	16d Ch. 3 status code
				16e Ch. 4 status code	17a State income tax withheld
				17b Payer's state tax no.	17c Name of state

(keep for your records)

Form **1042-S** (2020)



Tax Forms and Documents

1099: statement of other types of income, such as prior year tax refunds and work completed as an independent contractor

CORRECTED (if checked)

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Rents \$	OMB No. 1545-0115 2020 Form 1099-MISC	Miscellaneous Income
		2 Royalties \$		
PAYER'S TIN		3 Other income \$	4 Federal income tax withheld \$	Copy B For Recipient
RECIPIENT'S TIN		5 Fishing boat proceeds \$	6 Medical and health care payments \$	
RECIPIENT'S name		7 Payer made direct sales of \$5,000 or more of consumer products to a buyer (recipient) for resale <input type="checkbox"/>	8 Substitute payments in lieu of dividends or interest \$	This is important tax information and is being furnished to the IRS. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
Street address (including apt. no.)		9 Crop insurance proceeds \$	10 Gross proceeds paid to an attorney \$	
City or town, state or province, country, and ZIP or foreign postal code		11	12 Section 409A deferrals \$	
Account number (see instructions)	FATCA filing requirement <input type="checkbox"/>	13 Excess golden parachute payments \$	14 Nonqualified deferred compensation \$	
		15 State tax withheld \$	16 State/Payer's state no.	17 State income \$

Form 1099-MISC (keep for your records) www.irs.gov/Form1099MISC Department of the Treasury - Internal Revenue Service



GLACIER Tax Prep

Your Assistance with Nonresident Tax Forms

Offered through the JHU Tax Office



GLACIER Tax Prep

- GLACIER Tax Prep is a complete, secure web-based tax preparation program for nonresident alien (NRA) students and scholars.
 - *If you are a tax resident, you cannot use GLACIER Tax Prep*
 - GLACIER Tax Prep will not assist in preparing a state tax return.



GLACIER Tax Prep

- And – it's free for JHU associates.



GLACIER Tax Prep

JHU's license of GLACIER Tax Prep is free for NRAs associated with the university

- You can get an access code by emailing a request to tax@jhu.edu with "GLACIER Tax Prep Access Code Request" as the subject



GLACIER Tax Prep

- To Complete Your Federal Tax Forms
 - Log in at: **<https://www.glaciertax.com/login>**
 - Enter all required and pertinent information as you receive the prompts from the software.
 - Print all forms.
 - Sign and date the tax return and make a copy for your records.
 - Attach copies of required year-end tax statements. (W-2 or 1042-S)
 - If necessary, write a check for any tax due.
 - Mail the completed federal tax return. GLACIER Tax Prep will provide detailed mailing instructions.
- **You cannot file nonresident tax returns electronically**



Tax Forms and Documents

- **1098-T**: Statement of Tuition for education tax credits; **nonresidents generally cannot claim this credit**
- **1095-B**: Statement on health insurance coverage for Affordable Care Act provisions; **this rule does not apply to nonresidents**



Tax Forms and Documents

- **Form 1040:** The generic form number used for income tax returns
 - 1040NR: **used by tax nonresidents**
 - 1040: **used only by tax residents**
- **Form 8843:** **used by tax nonresidents** as a statement of visa status and days of presence in the U.S.



IRS Publications

- Publication 519: U.S. Tax Guide for Aliens
- Publication 901: U.S. Tax Treaties
- Publication 597: Information on the United States-Canada Income Tax Treaty

Available from the IRS Website:
<http://www.irs.gov/Forms-&-Pubs>



Filing Your Tax Forms

- If you are a nonresident with U.S. income:
 - Generally you will file a form 1040NR
- If you are a nonresident with **no** U.S. income:
 - Generally you file only a form 8843
- Filing deadline for federal forms is April 15



Filing Your Tax Forms

- If you have income, you generally also file a separate tax form for the State of Maryland, Virginia or the District of Columbia if you are living in those areas
 - If no income, no state form is needed

Filing deadline for state forms:

- Maryland and the District of Columbia: April 15, 2021
- Virginia: May 1, 2021



Filing Your Tax Forms

- Items you may need to complete your tax forms
 - W-2, 1099, 1042-S forms
 - Your Social Security Number
 - Documentation of any tax deductible expenses (these will be very limited for students)
 - All your current and past immigration documents: passport, I-94, I-20 and DS-2019 forms, etc.
 - Copies of your last year's tax forms, if applicable



State Taxes

- States use a different definition of “resident” for its tax purposes, one that does not differentiate by immigration status
 - Simply, if you are living in a state you are almost always considered a resident of that state for tax purposes; your immigration status is not considered
 - If not a full year resident, you may be a part year resident.
- Remember that you may have state tax liability if you had an internship or OPT job in another state



State Taxes

Websites for state tax information

- Maryland: <https://www.marylandtaxes.gov>
- Virginia: <http://tax.Virginia.gov>
- District of Columbia: <http://otr.cfo.dc.gov>



Tax Treaties

- Agreement entered into between governments under which some countries agree to limit or modify the application of their domestic tax laws in an attempt to avoid double taxation of income.
 - Tax treaties vary, but they generally limit or exempt U.S. taxation of compensation made to residents of the foreign country.
 - Some tax treaties are limited to an amount of time per year, and/or a limited dollar amount per year. Wages earned beyond either limit are subject to federal income tax.
 - The U.S. maintains income tax treaties with approximately 63 countries. Not all treaties will apply to students.
 - GLACIER Tax Prep will determine whether or not you qualify for a tax treaty exemption, and will provide you with the necessary information and forms to take advantage of your tax treaty benefits.
- See IRS Publication 901 "US Tax Treaties" at the IRS web site for more information.



ITINs

- Individual Taxpayer ID Numbers (ITIN) can be issued to dependents who may be claimed on your tax returns. (*Only tax residents of Mexico, Canada, South Korea, India and the U.S. may claim dependents for tax purposes.*)
- ITIN applications are processed by the IRS. See the [IRS website](#) for information on the process.



VITA

Volunteer Income Tax Assistance

<https://www.irs.gov/individuals/free-tax-return-preparation-for-you-by-volunteers>

Free tax help for federal tax returns



Odds and Ends

- You are potentially subject to U.S. taxes on all income earned in the U.S. whether it was earned “legally” or “illegally.” You are subject to taxes on employment that was not authorized and should not ignore this when filing taxes.
- While not every piece of information you put on your tax form requires proof when you file your taxes, if you are audited and found to have deliberately given incorrect information, you could be subject to interest and penalties.



Odds and Ends

Beware of scams associated with taxes. You will **NEVER** receive an email or telephone call from any government agency asking any tax information, such as Social Security Number, date of birth, etc.

DO NOT respond to any messages or answer any questions over the telephone with this personal information.



Contacts

- U.S. Internal Revenue Service
 - <http://www.irs.gov>
- GLACIER Tax Prep
 - <https://www.glaciertax.com> (You will need to obtain an access code from the JHU Tax Office)
- JHU Tax Office: 443-997-8688; tax@jhu.edu;
http://finance.jhu.edu/depts/tax/about_tax.html

