



# **An Introduction to U.S. Taxes**

Office of International Services

Spring 2023



# 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.*



# 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
  - Rarely able to take a standard deduction
  - Typical forms are 1040NR, 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 18
- 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 2023 you will be paying taxes for what you earned in 2022
- 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

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

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

2022

Department of the Treasury—Internal Revenue Service

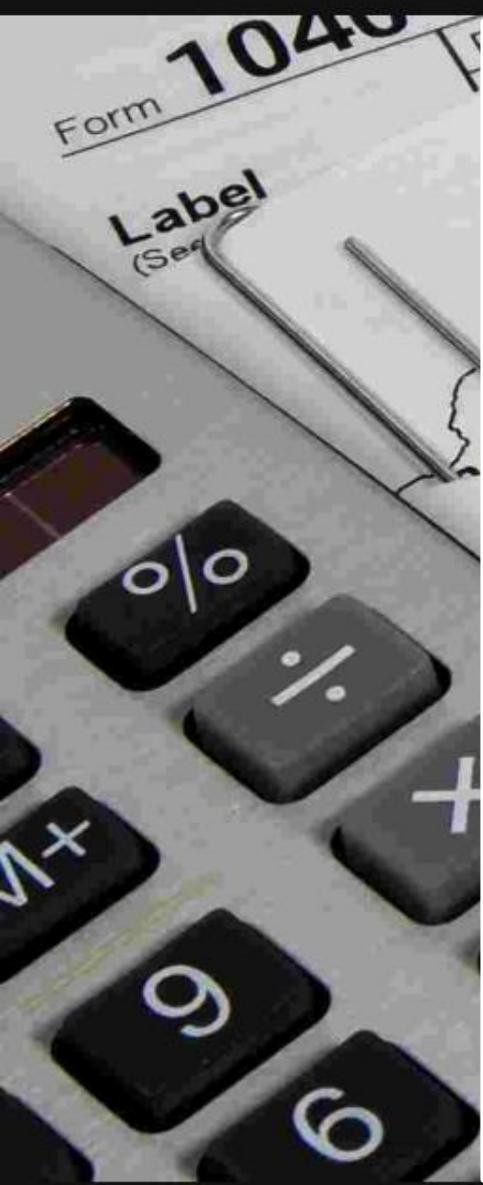
Copy B—To Be Filed With Employee's FEDERAL Tax Return.  
This information is being furnished to the Internal Revenue Service.



# Tax Forms and Documents

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

Form <b>1042-S</b>		Foreign Person's U.S. Source Income Subject to Withholding		2022		OMB No. 1545-0096	
Department of the Treasury Internal Revenue Service		Go to <a href="http://www.irs.gov/Form1042S">www.irs.gov/Form1042S</a> for instructions and the latest information.		UNIQUE FORM IDENTIFIER		Copy A for Internal Revenue Service	
1 Income code	2 Gross income	3 Chapter indicator. Enter "3" or "4"	3a Exemption code	4a Exemption code	13e Recipient's U.S. TIN, if any	13f Ch. 3 status code	13g Ch. 4 status code
		3b Tax rate	4b Tax rate		13h Recipient's GIN	13i Recipient's foreign tax identification number, if any	13j LOB code
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)	7c Check if withholding occurred in subsequent year with respect to a partnership interest	13k Recipient's account number	13l Recipient's date of birth (YYYYMMDD)	
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	14a Primary Withholding Agent's Name (if applicable)
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	14b Primary Withholding Agent's EIN	15 Check if pro-rata basis reporting
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	14c Intermediary or flow-through entity's EIN, if any	14d Intermediary or flow-through entity's name	14e Intermediary or flow-through entity's GIIN	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 GIN	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



# Tax Forms and Documents

**1099**: statement of other types of income, such as prior year tax refunds and work completed as an independent contractor, not issued to non-residents

VOID     CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Gross distribution		OMB No. 1545-0119	
		\$		<b>2022</b>	
		2a Taxable amount			
		\$		Form <b>1099-R</b>	
		2b Taxable amount not determined <input type="checkbox"/>		Total distribution <input type="checkbox"/>	
PAYER'S TIN	RECIPIENT'S TIN	3 Capital gain (included in box 2a)	4 Federal income tax withheld	<b>Copy 1 For State, City, or Local Tax Department</b>	
		\$	\$		
RECIPIENT'S name		5 Employee contributions/ Designated Roth contributions or insurance premiums	6 Net unrealized appreciation in employer's securities		
Street address (including apt. no.)		7 Distribution code(s)	8 Other		
City or town, state or province, country, and ZIP or foreign postal code		IRA/ SEP/ SIMPLE <input type="checkbox"/>	\$ %		
		9a Your percentage of total distribution %	9b Total employee contributions		
		\$	\$		
10 Amount allocable to IRR within 5 years	11 1st year of desig. Roth contrib.	12 FATCA filing requirement <input type="checkbox"/>	14 State tax withheld	15 State/Payer's state no.	16 State distribution
\$			\$		\$
Account number (see instructions)		13 Date of payment	17 Local tax withheld	18 Name of locality	19 Local distribution
			\$		\$

Form **1099-R**
[www.irs.gov/Form1099R](http://www.irs.gov/Form1099R)
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](mailto: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 18



# 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

States may have different filing deadlines than federal so make sure to check.



# 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](mailto:tax@jhu.edu);  
[http://finance.jhu.edu/depts/tax/about\\_tax.html](http://finance.jhu.edu/depts/tax/about_tax.html)

