

# Nonresident Alien Student Tax Information Guide

*This following information is intended for students in F-1 status. Please note that Lynn University cannot provide tax advice. It is the responsibility of each nonresident alien student, scholar and dependent to comply with U.S. tax regulations. While we offer tax information in the form of resources, Lynn University is not trained to provide tax advice and disclaims all liability stemming from the misinterpretation or misuse of the resources offered.*

A nonresident alien's tax responsibility is complex. The definition of what is included in taxable income can be confusing. This guide is designed to assist nonresident aliens in the basic tax rules, therefore the following information is provided in some detail.

All nonresident alien (NRA) students and scholars and their dependents in "F" immigration status that were present in the U.S. in a calendar year have to comply with certain filing requirements with the IRS:

- NRA students and scholars and their dependents in "F" immigration status with any U.S. source income in a calendar year are required to file a U.S. income tax return (usually Form 1040NR or Form 1040NR-EZ) and Form 8843 with the IRS by April 15 of the next calendar year. For example, any U.S. source income received in 2019 must be filed on a U.S. income tax return by April 15, 2020.
- NRA students and scholars and their dependents in "F" immigration status that spent time in the U.S. in F status in a calendar year but did not earn any U.S. source income in 2019 are required to file a Form 8843 with the IRS by April 15 of the next calendar year. For example, students that spent time in the U.S. in F status in 2019 must file a Form 8843 by April 15, 2020.

The U.S. Government regulations stipulate that the University must report all institutional scholarships that exceed the cost of tuition and fees for all its NRA students. A withholding of 14% will be assessed to those students that are from a country that does not have the scholarship or fellowship grant reciprocal treaty. The 14% withholding amount will be sent to the U.S. Government. The amount will be charged to the student's tuition account. Payment arrangements must be made with a Student Financial Services Specialist.

Withholding taxes are billed each term. Fall and spring semester withholding taxes are usually billed at the beginning of a semester. If the student's total scholarship amount is greater than the qualifying expenses (tuition & fees), the student will receive a 1042-S for each calendar year. This form will be mailed by March 15<sup>th</sup> of each year to the student's local address. The student will use this form to help complete their U.S. income tax reports.

Treaty Countries

Income received by a nonresident alien may be subject to income tax. However, a nonresident may be exempt from paying U.S. income tax because of a tax treaty between their country of residence and the U.S. We currently have tax treaties with 41 countries. Each treaty is different. A payment must meet the strict requirements of the treaty in order to be exempt from tax. If the income is not exempt, the nonresident alien pays U.S. tax only on income paid from sources *inside* the U.S. Most nonresidents receive no exemption for dependents (exceptions are Mexico, Canada, India and South Korea). All nonresidents should file Form 1040NR or 1040NR-EZ and Form 8843, even if all their income is exempt because of a treaty.

Treaty Countries as of March 2019\*

*\*Taken from IRS Publication 901 (March 2019)*

Bangladesh	Lithuania
China, People's Rep. of	Morocco
Commonwealth of Independent States: (Armenia, Azerbaijan, Belarus, Georgia, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, and Uzbekistan)	Netherlands
Cyprus	Norway
Czech Republic	Pakistan
Egypt	Philippines
Estonia	Poland
France	Portugal
Germany	Romania
Iceland	Russia
Indonesia	Slovak Republic
Israel	Slovenia
Kazakstan	Spain
Korea, South	Thailand
Latvia	Trinidad and Tobago
	Tunisia
	Ukraine
	Venezuela

Nonresident Alien Student Sample Tax Calculation

Below is an example of how the 14% withholding tax is calculated. If you are from a treaty country, you must claim this benefit by providing the Student Financial Services office with a copy of your ITIN or SSN card and completing a W-8BEN form. If you do not have an ITIN or SSN, you may request one by completing a W-7. Please contact SFS office for more details.

<b>A. Eligible Qualifying Expenses (Room &amp; Board is not a Qualifying Expense):</b>	
Tuition	\$18,340.00
Student Services Fee	\$500.00
Technology Fee	\$375.00
Health Insurance	\$1,463.00
<b>(A) Total Charges:</b>	<b>\$20,678.00</b>
<b>B. Scholarships:</b>	
Tuition Scholarship	\$18,340.00
Housing Scholarship	\$6,185.00
<b>(B) Total Scholarships:</b>	<b>\$24,525.00</b>
<b>C. Withholding Taxes Calculated:</b>	
Total Scholarships: (B)	\$24,525.00
Less Eligible Qualifying Expenses:	\$20,678.00
Total (B – A): (A)	\$3,847.00
<b>D. Multiplied by 14% = Withholding Taxes:</b>	<b>\$538.58</b>

The above is an example for one semester. This is the amount that would be billed to a student's account at Lynn University.

Student pays the taxes to Lynn and Lynn submits to the Internal Revenue Service (IRS)

Frequently Asked Questions About the IRS Form 1042-S For F-1 Non-Immigrant Student Visa Holders

- What information is produced on the 1042-S for code 15?
  - The amount in the GROSS box of the 1042-S is the amount of *awards* (scholarships, awards, fellowships, and stipends) less the amount of *qualifying* expenses (tuition & fees). Code 15 simply lets the US Government know that the money received was education related.
- What types of funds are taxable?
  - All types of stipends, scholarships, grants, fellowships and awards.
- Why is the “U.S. Federal tax withheld” on the 1042-S less than the amount that I have paid in taxes?
  - The amount printed on your 1042-S is the amount of tax that was withheld and sent to the US Government during that CALENDAR year. You might have some money that has been withheld in the current calendar year which will show up on next year’s 1042-S.
- If I believe the amounts on my 1042-S are incorrect, what should I do?
  - The amount on your 1042-S is the amount of tax withheld that was sent to the US Federal Government in the prior calendar year. This amount cannot be refunded by Lynn University. You will need to file your income tax return 1040 NR to determine your tax and/or refund owed.
- If I misplaced my 1042-S, how do I get another one?
  - Contact Student Financial Services at (561) 237-7185 or email [studentfinancialservices@lynn.edu](mailto:studentfinancialservices@lynn.edu) and request a duplicate. They will need your ITIN or social security number and a current mailing address.
- How is the amount reported on the 1042-S for income code 15 calculated and where do these amounts come from?
  - The GROSS dollar amount on your 1042-S is the amount of *awards* (grants, scholarships, fellowships, stipends, etc.) less the *qualifying* expenses (tuition & fees) which are processed through your student account.

- There is tax withheld on my Student Account but it was not reported on my 1042-S form. What should I do?
  - Bring this to the attention of Student Financial Services in the Green Center and a representative will assist you.
- I did not receive my 1042-S from Lynn University and I no longer live in Boca Raton, FL. What should I do?
  - Contact a Student Financial Services Representative at (561) 237-7185 or email [studentfinancialservices@lynn.edu](mailto:studentfinancialservices@lynn.edu) to request a duplicate. They will need your ITIN or social security number and a current mailing address.
- I am returning to my home country after I graduate. How will I get my 1042-S from Lynn University next year?
  - Lynn University will mail it to you regardless of location. Prior to leaving Lynn University, please make sure to leave a valid mailing address with Student Financial Services. You may email Student Financial Services at [studentfinancialservices@lynn.edu](mailto:studentfinancialservices@lynn.edu).
- I never had any tax withholding from my Student Account until now. This is my last semester at Lynn University and I do not know what to do. Why was tax withheld?
  - Lynn University is required to withhold 14% of any *award* (stipend, scholarship, fellowship, grant or award) that is above the amount of *qualifying* fees & tuition. Be sure to leave a valid address with Student Financial Services. In March, you will be receiving a 1042-S form electronically through the Foreign National Information System (FNIS). You may access it with your FNIS Login. At that time you are allowed to file a U.S. Tax Return. Depending on your situation, the withholding tax might be refunded by the Federal Government.

## Glossary

### **United States Citizenship and Immigration Service (USCIS) (Formerly Immigration and Naturalization Service (INS))?**

The Homeland Security Act eliminated INS and replaced it with two related organizations (USCIS and BCBP). USCIS is the U.S. government agency that is responsible for overseeing foreign nationals. The U.S. Customs and Border Protection (CBP) is the organization that issues Form I-94 to new arrivals in the United States. The USCIS sets the restrictions that apply to the various visa categories and statuses.

### **Internal Revenue Service (IRS)**

The IRS is the division of the U. S. Department of Treasury that collects internal revenue, including income taxes and excise taxes, and enforces revenue laws. To make this process easier, the IRS issues various forms, withholding allowance certificates, income tax returns, etc., which are used to help foreign nationals pay the taxes that apply to them.

### **Foreign National**

A foreign national is an individual born outside the jurisdiction of the United States, is a citizen of a foreign country, and has not become a naturalized U. S. citizen under U.S. law. This includes Permanent Resident Aliens.

### **Nonimmigrant (Nonresident for Immigration Purposes)**

A nonimmigrant for tax purposes, or nonresident for immigration purposes, is someone who is not a citizen of the U.S. and has been admitted to the U.S. for a temporary stay that will end when the purpose of that stay has been met.

### **Nonresident (For Tax Purposes)**

A nonresident for tax purposes is someone who is not a citizen of the U.S., has been admitted to the U.S. for a specific purpose and time period, and does not meet either the —green card test or the —substantial presence test described in IRS Publication 519, —U.S. Tax Guide for Aliens.

### **Resident (For Tax Purposes)**

A resident for tax purposes is someone who is either a U.S. citizen, or has been legally admitted to the U.S. and meets either the —green card test or the —substantial presence test described in IRS Publication 519, —U.S. Tax Guide for Aliens.

### **Taxable Income**

Any money, goods, benefits or services paid to or on behalf of any person is considered income. All income is taxable unless there is a specific law which excludes it from taxability. The amount of a scholarship which is used to pay tuition, for example, is excluded by law and not subject to tax. The amount of income which is *not* excluded is called taxable income. Different governments have different laws, so taxable income can be different for Federal and Florida purposes. Lynn University is required to withhold taxes for both of these taxing governments. Taxes are reported annually, so

if you move during the year you may have to file returns and pay taxes in multiple states, cities, or school districts.

### **Taxes**

Taxes are the primary source of income of the U.S. government, states and cities of this country. Every individual with earnings in the U.S. must pay taxes based on the amount of money or benefits received. Taxes pay for the various functions and services provided by state, local and federal governments. These include police and fire protection, parks, highways, road signs, the space program, etc. Paying taxes is not optional. Failure to file and pay taxes is a criminal offense.

### **Withholding**

Withholding is the amount of tax that Lynn University deducts from a foreign national payment and submits directly to the IRS. The amount of withholding depends upon the type of payment (employee wages, fellowships, scholarships, honoraria), and possible treaty exemptions. The amount of withholding for a foreign national receiving wages (without the benefit of a tax treaty), is based upon a graduated income scale; whereas, a foreign national receiving an honoraria payment (without a tax treaty), is typically a flat 30% of the payment amount. Qualified scholarship withholding rates are zero; whereas, unqualified scholarship rates are 14% to 30%.

### **Form 8843**

Form 8843 contains information about visa, residency, length of time in the U.S., study program, etc. and is the basis of the individual's claim to nonresident alien status. It must be filed by *all nonresidents*. The Form 8843 must be filed each year with the Form 1040NR, 1040NR-EZ or by itself if a 1040NR is not required, on or before April 15th or the extended due date of the return.

### **Substantial Presence Test (SPT)**

Substantial Presence Test is one of the tests, to determine if you are a Resident Alien or Non Resident for Tax Purposes, based on your days of presence in the United States. Before you begin to use the Substantial Presence Test, please understand that those who are considered Exempt Individuals, are always considered Non Resident Aliens for Tax Purposes and need not use the Substantial Presence Test.