

# Non-Resident Tax Treaty Policy and Procedures

Tax treaties between the U.S. and other countries exempt some students, researchers, and professors from paying U.S. state and federal income taxes. Each treaty has its own restrictions and provisions. The national tax authority in the non-resident alien's country or the U.S. embassy or consulate can provide current information on tax treaties. The Budget Office at UAH will determine if the non-resident alien is eligible to claim exemption from income tax withholding based on a treaty. In general, the Payroll Office will withhold federal income tax from all UAH income payments made to alien individuals at the applicable rate, unless the income payment is wholly or partially exempt from withholding under federal law, federal regulation, and/or a tax treaty between the U.S. and the alien's country of residence.

Each individual student and scholar is responsible for ensuring that they have secured and verified the information appropriate and relevant to their individual and family circumstances for Federal and State of Alabama income tax purposes. **Any changes in immigration status, extension of the non-resident alien's program or renewed immigration documents must be reported to the Budget Office.** In addition, the non-resident alien must sign form 8233 each year to qualify for the tax exemption.

Non-resident aliens who feel they qualify for a treaty benefit and UAH did not grant the treaty benefit, may claim the treaty on their individual federal tax return, and allow the IRS to review and make the determination if they are exempt under the provisions of the treaty.

## NON-RESIDENT ALIEN GUIDELINES

### VISA HOLDERS

Generally, non-resident aliens that come to the university will be either F-1 or J-1 visa holders. F-1 are students and J-1 are visitors (which means they could either be a researcher or a student). Such individuals will need to complete the "Alien Tax Information Form" (obtained in the Office of International Engagement, or the Budget Office.) Also, copies will need to be made of the appropriate immigration documents.

Listed below are items that will need to be copied by the Budget Office:

#### F-1 Visa

Visa  
Passport  
I-94  
I-20

#### J-1 Visa

Visa  
Passport  
I-94  
DS-2019 Certificate of eligibility

### Visa

The Visa gives permission for a foreign national to be considered by CBP (Customs and Border Protection) for admission to the U.S. The visa stamp is located inside the passport. Individuals can stay in the U.S. with an expired visa as long as the date on the I-94 card has not passed and they are maintaining status. Renewal is required to be eligible for re-entry after travel outside of the U.S., and can only be done at a U.S. consulate outside of the borders of the U.S.

## Passport

The Passport is an identity document for any foreign national while in the U.S. It must remain valid during the entire stay in the U.S., and should be renewed at least 6 months prior to expiration by the foreign national's home consulate/embassy located either in the U.S. or in their home country. Report a lost or stolen passport to the police because your government may require a police report before issuing a new passport.

## I-94 Arrival/Departure Record

The I-94 is a document that identifies the visa classification of legal entry to the U.S. and the allowable period of stay in the U.S. I-94 numbers are retrieved online by entering your information at <https://i94.cbp.dhs.gov>. You should print a copy for your records and keep it with your official immigration documents. Each time you enter the U.S. a new number will be associated with your stay. Keep copies of **all** I-94 numbers.

## I-20

The I-20 allows the non-resident alien to apply for an F-1 Visa. The I-20 indicates the institution in which the non-resident alien student is permitted to study, the program of study, and the dates of eligibility. The I-20 must remain valid at all times. Request an I-20 extension prior to its expiration date. Allowing the I-20 to expire before completion of the academic program is a violation of F-1 status.

The I-20 is a printout from the SEVIS (Student Exchange Visitor Information System) record. SEVIS is an internet-based database that allows schools and federal immigration agencies to exchange data on the status of international students. Information is transmitted electronically throughout an F-1 or J-1 student's academic career in the U.S. Each student has a unique SEVIS ID number, which is printed on the I-20 in the top right corner.

If the non-resident alien is from a country that requires special permission to work, they should also have a work authorization form from the U.S. immigration office (usually the non-resident alien is aware that they need to present this item.)

There are many other visa types, such as A-1, B-1, L-1, etc. These particular types are not common, but need to be handled in the same fashion (complete form, obtain copies of immigration documents) as the F-1 or J-1 if they apply at the university.

## **COMPLETING THE ALIEN TAX INFORMATION FORM**

- (A) On the first page of the "Alien Tax Information Form" the first item of importance is the Social Security number. The non-resident alien should have a Social Security number or applied for one by the time they come to the Budget Office. If not, a temporary ID number beginning with the digits "999" or an "A" number may be used. If they have one of these numbers they will need to come back to the Budget Office when they receive their Social Security card and let the Budget Office make a copy of it. The Internal Revenue Service requires a valid Social Security number to process all tax forms. So, it is imperative that the non-resident alien inform us when they receive their number and other updated documents.
- (B) The non-resident alien must have a valid U.S. and foreign address. The last foreign address they had before coming to the United States is required by the IRS to prove that they did reside in a foreign country and, therefore, it is a required item.
- (C) Items 8 and 9 can both be taken from the visa itself. The passport number will, of course, be on the actual passport. The visa number is the number located on the right hand side, at the bottom (usually in red ink). The control number, which is at the top of the visa, is incorrect for this purpose.

- (D) Items 14, 15, and 16 must be completed also. Item 14 is the actual day that the non-resident alien sets their feet on U.S. soil. Item 15 is the beginning date of their primary activity here at the university (seeking a degree, research, etc.). And, item 16 is the date they expect to be finished with their activities here. These dates, if they are unsure, should coincide with the dates on their I-20 form or their DS-2019 depending on if they are F-1 or J-1 visa holders.
- (E) Item 17 refers to the type of job the non-resident alien is applying for (student assistant, graduate research assistant, etc.) Items 18-21 will need to be completed as pertaining to each individual.
- (F) The last item on the page that is required is the non-resident alien's signature, phone number, and date. **All must be completed.**

The only reason the non-resident alien will need to complete the back of the information form is if they have been in the U.S. at another time, under another immigration status different than the one they are currently on.

(See item #10 on front of form)

### **FORM PROCESSING**

When all documents are received and the form is completed, the information will be entered into the "International Tax Navigator System". The appropriate forms produced by the system will be mailed to the non-resident alien, whether it is a form 8233 for applicable tax treaties or a W-4 for federal income tax. Then, the signed and dated forms should be returned to the Budget Office in a timely manner. Usually, one week is considered timely. If the form 8233 is not returned, the tax treaty will not be valid and not recognized. The non-resident alien will be taxed at the same rate as an American citizen. If the form is returned, the tax will be on a certain amount of income as pertaining to their particular tax treaty. Once the tax treaty amount has been exceeded, the non-resident alien will have to pay federal income tax. According to the Internal Revenue Service ruling, a non-resident alien must claim single, one exemption on their W-4 form. They must claim single whether they are married or not.

### **ADDITIONAL ITEMS:**

- F-2 and J-2 visa holders are spouses of F-1 and J-1 holders. They **are not** eligible for any tax treaty benefits. They still need to complete the Alien Tax Information Form, but will receive no benefits unless they change status.
- Permanent residents will pay taxes like an American citizen. They **do not** need to complete the Alien Tax Information Form.
- By March 15<sup>th</sup> of the calendar year, if a non-resident alien utilized a tax treaty the prior year they will receive a 1042-S to report income received under a tax treaty, and if needed, a W-2 by January 31 for additional income.
- If the date on the non-resident alien's visa has expired, their paperwork should be stamped "D/S", or Duration of Status. This means that they may stay in in the United States under the same visa type until they complete their activities here, even though their visa has expired.
- Please note the following exceptions:
  - Canadian students will not need to present an F-1 or J-1 visa due to inter-governmental arrangements.
  - Students from India have **no** tax treaty benefit. Instead, they can claim single, one exemption on their W-4 form. They must claim single whether they are married or not.

**Office of International Engagement/International Student and Scholar Services** provides the following:

- Overseeing the J Exchange Visitor Program, which facilitates the ability of students and scholars to do research or study at UAH in J status.
- Preparing immigration paperwork for foreign national employees who require sponsorship to be eligible to work at UAH.
- Ensuring that the university is compliant with the Department of Labor and USCIS when sponsoring employees to work for UAH.
- Promoting an increased understanding of the immigration system and multiple immigration classifications of UAH students, scholars, and faculty among the campus community and providing relevant information, guidance, and resources as needed.
- Advocating for international students, faculty, and staff and supporting other campus offices to ensure that the needs of the international community are considered when implementing university policies.