

# FREQUENTLY ASKED QUESTIONS FROM NON-RESIDENT TAXPAYERS/STUDENTS

(For those filing as "non-resident for tax purposes" only)

## ***1. What happens if I fail to file my taxes or Form 8843?***

If you owe taxes and don't file, the IRS can assess penalty and interest and seize U.S. bank assets for repayment. Fines and penalties can often amount to more than the original tax debt. There can also be immigration consequences for failing to file taxes. Applicants for permanent residency "green cards" are frequently asked to show proof of tax filing for previous years in the U.S.

## ***2. I'm an F-1 or J-1 student/scholar and earned no U.S. income or scholarships in 2016. Do I need to file?***

Yes. You must file IRS Form 8843. Dependents in F-2 and J-2 status must also file Form 8843.

## ***3. I only arrived in the U.S. in December of 2016 and I didn't work. Do I still have to file Form 8843?***

Yes. If you were in the U.S. even 1 day in 2016, you must file Form 8843.

## ***4. I had bank interest on my checking or savings accounts, is that earned income and must I file other tax forms?***

No. Simple bank interest and interest on CD's are not considered earned income for non-resident aliens, and therefore are not reportable. Your bank generally reports this interest on Form 1099 and you should retain this form for your records, but do not mail it with your tax filing. If, however, you file taxes as a "resident alien", bank interest IS taxable income. The state of Alabama does consider simple bank interest taxable for non-resident taxpayers. If you earned more than \$1,500 in simple bank interest you may be liable for making state tax payments. Bring ALL evidence of interest earned to the VITA tax appointment so a volunteer can assess your case with you.

## ***5. I only worked for a very short time in 2016 and I didn't earn very much. Do I still have to file?***

Possibly. If the total sum of your U.S. source income was less than the personal exemption (\$4,050 for 2016) you are not required to file IRS Form 1040NR-EZ or Form 1040NR. However, if you had any taxes withheld, you should file IRS Form 1040NR-EZ or Form 1040NR to get a refund of these taxes and you MUST still file Form 8843.

## ***6. I'm married and have a child who was born in the U.S. Can I claim personal exemptions for my wife and child?***

Generally, no. Only students & scholars from certain countries can claim exemptions for their dependents (Mexico, Canada, Korea, Japan. and India.) Specific requirements are outlined below, see Dependency Test.

***7. I tried to get a Social Security number for my spouse or dependent child and was refused. What do I do?***

For dependents not eligible for a Social Security number, you must apply for an Individual Taxpayer Identification Number (ITIN). Complete Form W-7 and submit along with the required supporting documents to the stipulated IRS office. Completed forms W-7(s) and supporting documents are then included with your tax return. ITIN numbers are for tax filing purposes only. You can get additional assistance with the ITIN paperwork at your scheduled tax appointment.

***8. I am from one of the countries that can claim an exemption for my spouse and/or child. Can I claim them if they don't have a social security number or an ITIN?***

No. In order to claim personal exemptions for dependents they must have a valid social security number or an ITIN (Individual Taxpayer Identification Number). See above on how to apply for an ITIN for your dependents.

***9. My young children live with me. Can I claim the Child Care Tax Credit?***

Only those students and scholars in non-resident tax status who are from Mexico, Canada, Korea, Japan and India can.

***10. I am a non-resident for tax purposes. Can I claim the HOPE or Tuition Tax Credit or the Earned Income Credit?***

No. Non-resident aliens cannot claim Education Tax Credits or the Earned Income Credit. Once you qualify to file as a resident alien for tax purposes, you may be eligible to claim these credits.

***11. I just received my W-2 for the wages I earned in 2016. Can I file my taxes now?***

Not necessarily. If you are from a country which has a tax treaty with the U.S., or you received a U.S. based scholarship or fellowship, you may also receive Form 1042-S from Payroll. This form is generally mailed about 1 month later than Form W-2 and you will need to have **both forms** before you can file.

***12. My country has a tax treaty with the U.S. and I earned below \$5000, which is the amount of wages exempt by my treaty. Do I still need to file?***

Yes. You must file Form 1040NR-EZ or Form 1040NR to claim the treaty benefit. In the case where you earned more than the exempt amount of your treaty, you may receive both a Form W-2 and a Form 1042-S or you may just receive only a Form 1042-S.

***13. I had a teaching assistantship or graduate research assistantship. Is this the same as a scholarship or fellowship?***

No. TA and GRA salary payments are not considered scholarships or fellowships. Income from TA and GRA positions and tuition remission is considered earned income and is taxable.

***14. I had a TA or GRA position. Can I deduct or exclude the cost of my tuition, books and/or fees?***

No. Only those students who had bona fide scholarships or fellowships (no work was required as a condition of receiving the award) may deduct expenses paid for tuition, books and fees up to the amount of the scholarship/fellowship.

***15. Can I deduct the cost of a computer as a valid educational expense?***

Normally no. Equipment, such as a computer or educational supplies that are not required course items, are not deductible expenses. If it is required for everyone in a particular class or major, then the expense would be deductible.

***16. I am a non-resident taxpayer/student from India. Can I claim the standard deduction?***

Yes. Due to a tax treaty provision, the **ONLY non-residents** who can claim the standard deduction on the non-resident forms are from **INDIA**. For 2016 the standard deduction is \$6,300 for those filing as single or married filing separately. **Note: Visiting Scholars and Researchers from India cannot claim the standard deduction.**

***17. Can students and scholars claim itemized deductions?***

Yes, but there are limited itemized deductions for nonresident aliens. You can claim itemized deductions for state & local taxes, charitable contributions to churches or charities, casualty and theft losses, certain unreimbursed job expenses and tax preparation fees. For those claiming only deduction for state and local taxes, you may use Form 1040NR-EZ. For those claiming other itemized deductions, you must use Form 1040NR.

***18. Should I keep copies of my tax return and other tax forms?***

Yes. Always keep copies of your tax return, W-2, 1042-S, 1099 bank interest statements and any other pertinent forms as proof that you have filed. The IRS can audit individual returns for up to 3 years following the filing deadline and your tax records are essential in proving your case.

***19. What is the deadline for filing my tax return?***

If you are filing Form 8843 only, Form 1040NR-EZ or Form 1040NR, the deadline to file is April 17.

***20. If I owe tax, to whom do I make the check payable?***

If you owe taxes to the Federal government, make the check payable to **United States Treasury**. If you owe taxes to the state of Alabama, then make the check payable to the **Alabama Department of Revenue**. Make sure that your social security number is on the check and that in the memo section you write, "For 2016 income taxes".

***21. Where do I mail my Federal and State tax return and 8843?***

The addresses are a separate sheet that will be given to you at the VITA tax appointment.

***22. I am leaving the country before I can file my taxes. What should I do?***

Make sure the Payroll Office has your foreign address before you leave the U.S. Your Form W-2 and/or Form 1042-S are available using your BANNER account EMPLOYEE tab. Download the appropriate forms and instructions and file your U.S. taxes from abroad. Save copies of all forms submitted for your records.

***23. My employer withheld Social Security and Medicare taxes from my salary. Can I get this refunded?***

Yes. F and J visa holders are not subject to Social Security or Medicare taxes as long as they are considered a "non-resident alien for tax purposes" (IRS Publication 519). Refund of these taxes may be requested from your employer. If your employer is unable to refund these taxes, you may file Form 843 and Form 8316 for a refund direct from the IRS.

***24. My address has changed since I began working at UAH, or I am on Curricular Practical Training and now living in another city, do I notify Payroll of my address change so that I will receive my W-2 and/or 1042-S?***

Always notify payroll and Charger Central (UC 118) when your living or mailing address changes. In addition, if you are currently authorized for OPT, you should use the SEVIS update form to notify the International Advisors of employment and address changes.

***25. I worked or attended university in another state and paid state taxes. How do I report this on my federal tax return and am I required to file a state tax return?***

You may claim an itemized deduction on Form 1040NR-EZ (line 11) or Form 1040NR (line 37) for any state taxes withheld. You may be required to file a state income tax return (for the state you currently live & the state where the income was earned) in addition to the Federal Income Tax Return.

***26. How long should I retain photocopies of my tax returns?***

Photocopies of all tax returns must be kept by the taxpayer for a period of seven years, in case the IRS ever has questions regarding information provided on the tax return.