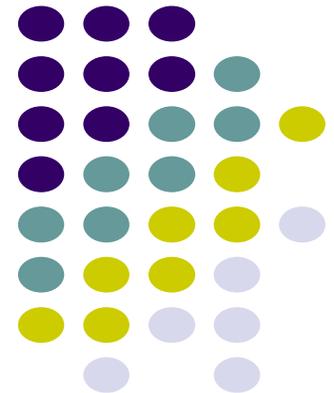


Tax Workshop for Foreign Students/Scholars

Preparing 2025 Forms

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San Diego State University





Before we begin...

- “Filing taxes” means submitting tax forms (or a tax “return”) to the appropriate government agencies
- YOU may be responsible for “filing taxes” every year
- **We are going to discuss “this year” as 2025**
 - That is the period for which your taxes are being filed currently
 - Each calendar year is generally a separate period
- UCSD offers Glacier Tax software to assist you in preparing your tax returns

Before we begin



- SDSU's VITA program is OPEN but appointments are limited – we only have 17 April remaining with available dates; however, we hope to add a few more appointment slots to each day throughout the semester
- There are other services available
 - Beware of what you find via Google
 - [Sprintax.com](https://www.sprintax.com) is reliable
 - Starts at \$54.95 for Federal and \$49.95 for state
 - You CANNOT prepare nonresident tax returns in TurboTax

US Tax System



- Considered a “pay as you go” system
- Income taxes are “withheld” from your pay as it is earned
- The tax return filing process is a “true-up” at year end
 - Your ACTUAL liability is calculated and compared to the amount withheld
 - If Actual > Withheld = Pay taxes with return
 - If Actual < Withheld = Refund to taxpayer
 - The system is “set up” to provide for refunds BUT it does not always work that way – specifically for non-residents

US Tax System



- Comparing refunds can be folly
 - Refund amount depends on
 - Income
 - Withholding
 - Deductions
 - All of which can vary from person to person

US Tax System



- Employment taxes (or “social” taxes)
 - Social security and Medicare
 - Foreign students/scholars are NOT generally subject to these
 - However, work outside of treaty-permitted work will be subject to employment tax
 - Income tax treaty benefits do not typically extend to employment taxes
 - Those come through a “totalization” agreement which are considerably more rare

U.S. Federal Income Taxation



- The U.S. applies both a source based and a resident-based approach to income taxation
 - Source based – income earned in the U.S. is largely taxed by the U.S.
 - Resident based – income of U.S. TAX residents, regardless of source is taxed by the U.S.
 - Thus, a NON-resident can still be taxed in the U.S. on U.S. sourced income

Resident Aliens



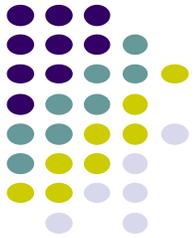
- The issue of status as a **resident** alien or a **nonresident** alien is key in determining an individual's U.S. income tax liability.
- A resident alien individual generally is subject to U.S. income tax on the individual's worldwide income (without regard to its source) in much the same manner as a U.S. citizen, with only a few limited exceptions.

Non-Resident Aliens

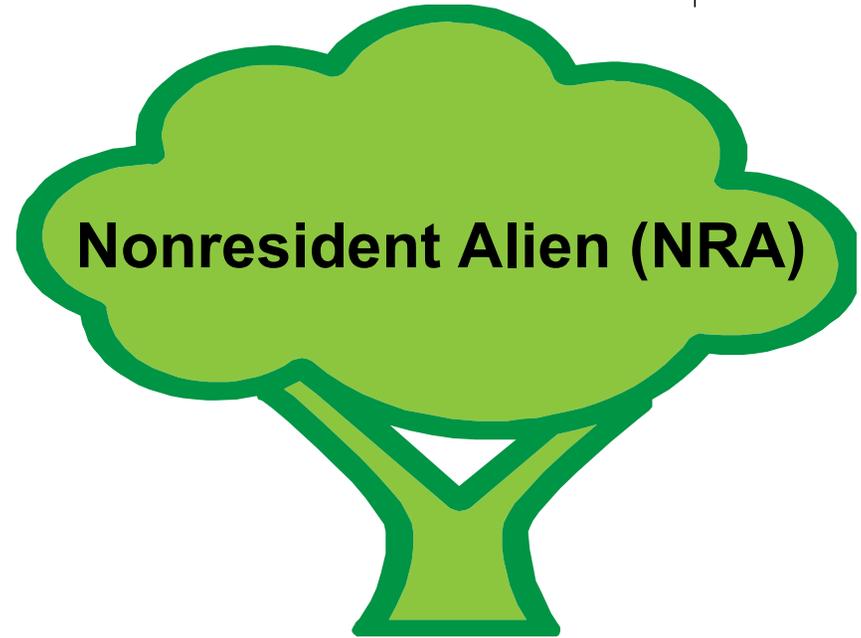


- By contrast, a nonresident alien individual is subject to U.S. income tax only on the following types of income:
 - *U.S.-source, non-U.S. business fixed or determinable annual or periodic income (things like dividends, rent, royalties)*
 - *Taxable income effectively connected with a trade or business conducted by the nonresident alien within the United States*
 - *Working as an employee is Effectively Connected!!*
 - *Net gain from the sale or exchange of U.S. real property*
 - *Net U.S.-source capital gains for the taxable year*
 - *E.g., Robinhood*

Why this is important?



U.S. Tax System (Form 1040)



Nonresident Alien Tax System (Form 1040-NR)



Who is a resident?

- Any U.S. citizen –
 - The Code does not define the term “citizen of the United States.” However, the regulations provide that “every person born or naturalized in the United States and subject to its jurisdiction is a citizen.”
- Green card holder – any lawful permanent resident of the U.S. under immigration law
 - Resident status begins in the first year in which the alien is a lawful resident and physically present in the U.S. for at least 1 day.
 - Resident status continues until green card is abandoned.
- Anyone meeting the substantial presence test



Testing for residency status

- The US government has a test based on the number of days present in the US to determine if you are a TAX resident
- However – students and researchers **MAY** be **EXEMPT** from having to count days and will be declared non-resident aliens

Definitions



- Student – someone enrolled in classes as part of a degree seeking program
- Scholar, researcher, teacher:
 - Professor, research scholar, or person with similar education and background who comes to the U.S. for a short-term visit to lecture, observe, consult, train, and/or demonstrate special skills.
 - Primarily teaches, lectures, observes, consults, and might conduct research if permitted by the program sponsor.
 - Primarily conducts research, observes, consults, and may also teach or lecture if permitted by the program sponsor.
 - Expert in a field of specialized knowledge who comes to the U.S. for observing, consulting, and demonstrating special skills.



1. Determine your federal tax residency status

How do I know if I am an NRA?

Substantial Presence Test (“SPT”)

- Based on how many days you were physically present in the U.S.
- Two parts
 1. at least 31 days in current year, and
 2. 183 days during the 3-year period based on the formula

	# of Days			
Tax Year (2025)	<u>XX</u>	x 1	=	_____
Year 1 (2024)	<u>YY</u>	x 1/3	=	_____
Year 2 (2023)	<u>ZZ</u>	x 1/6	=	_____
			=	<u>TOTAL</u>



Total < 183 days → **NRA**
Total ≥ 183 days → **RA**

- **Exception – “Exempt Individuals”**



Exceptions to days present

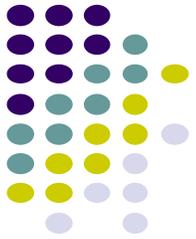
- Does not include regular commuters from Mexico (and Canada, but not many of those in San Diego)
- Does not include
 - Days in transit
 - Days that medical condition prevented departure and
 - **Certain teachers, trainees and students**

Testing for residency status - students



- Am I exempt?
- Q1: Are you temporarily in the US as a student on an F, J, M or Q visa?
- Q2: Have you been in the US for no more than 5 calendar years (any 1 day during the year counts as a year)?
- If Yes to both then you are exempt!!!
 - Reminder: 2026 does not count (until next year) – we are analyzing your 2025 tax status.

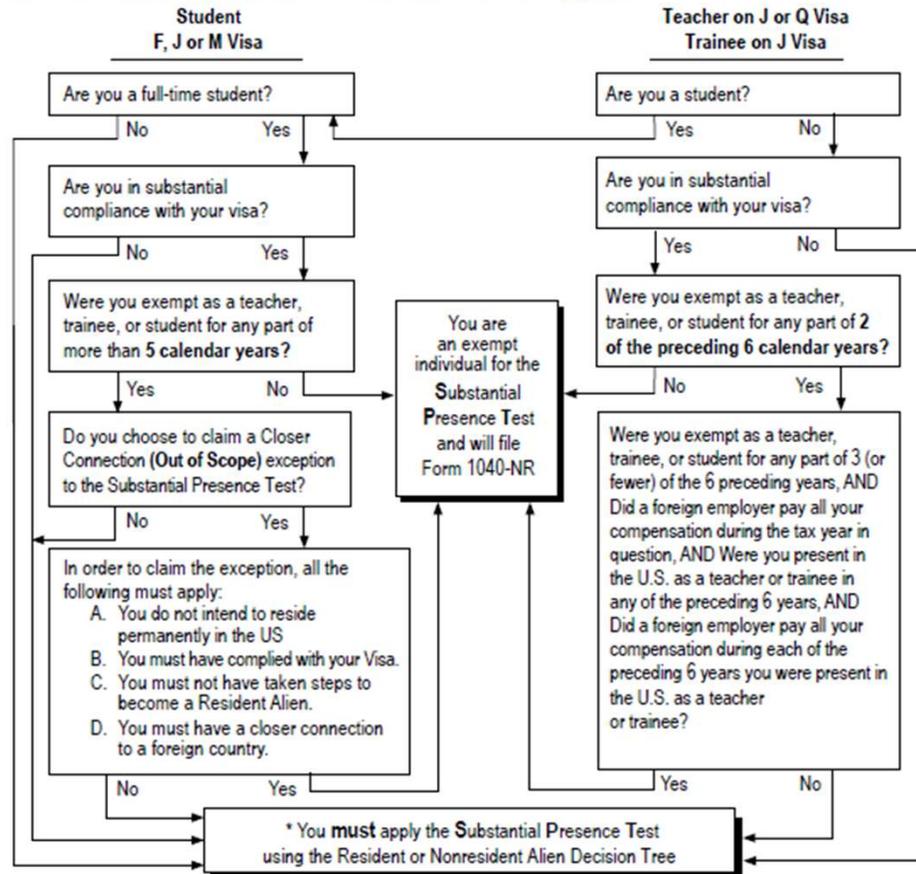
Testing for residency status - scholars



- Am I exempt?
- Q1: Are you temporarily in the US as a teacher or trainee on a J visa (and not also a full-time student)?
- Q2: Have you been in the US for any part of 2 of the preceding 6 calendar years (2019-2024)?
 - This can really be rephrased to, is 2025 your 3rd year in the US over the last 7 years (2019-2025).
- If Yes to both then you are exempt!!!

Substantial Presence Test? - Decision Tree

If you are temporarily present in the United States on an F, J, M, or Q visa, use this chart to determine if you are an exempt individual for the Substantial Presence Test (SPT).



Do not count the following as days of presence in the United States for the substantial presence test: Days you are an exempt individual.

From [IRS Publication 4011](#)





1. Determine your federal tax residency status



Exception: “Exempt individuals”

- “Exempt” from counting days for SPT, not “exempt” from taxes!
- F/J students
 - Exempt from counting days for first 5 calendar years under F/J student status
- J non-students (e.g. scholars)
 - Exempt from counting days for 2 out of preceding 6 years under F/J student OR non-student status

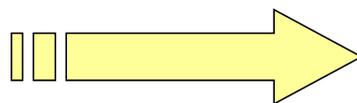


Example 1 – “Exempt Individual”

- Immigration Status: F-1 or J-1 (**student**)
- Arrival Date: 12/30/2021 (first visit to the U.S.)
- This student was physically present in the U.S. every semester since arriving but left the U.S. for 2 months during each summer.

Exempt Years

2021 - Yr 1
2022 - Yr 2
2023 - Yr 3
2024 - Yr 4
2025 - Yr 5



	# of Days	
2025 (Tax Year)	<u>0</u>	x 1 = 0
2024	<u>0</u>	x 1/3 = 0
2023	<u>0</u>	x 1/6 = 0
	TOTAL	= <u>0</u>

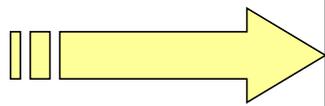
Total < 183 days → **NRA**



Example 2 – “Exempt Individual”

- Immigration Status: F-1 or J-1 (**student**)
- Arrival Date: 8/1/2024
 - this student was also an undergrad student in the U.S. under F-1 from May 2015 – August 2018
- This student was physically present in the U.S. since arriving but left the U.S. for 60 days during summer of 2025.

Exempt Years
 2015 - Yr 1
 2016 - Yr 2
 2017 - Yr 3
 2018 - Yr 4
 2024 - Yr 5



	# of Days		
2025 (Tax Year)	<u>305</u>	x 1	= 305
2024	<u>0</u>	x 1/3	= 0
2023	<u>0</u>	x 1/6	= 0
	TOTAL		= <u>305</u>

At least 31 days in current year & Total ≥ 183 days → **RA**



Example 3 – “Exempt Individual”



- Immigration Status: J-1 (**scholar**)
- Arrival Date: 8/29/2023

<u>Exempt Years</u>		# of Days
2023 - Yr 1		2025 (Tax Year) $\underline{365} \times 1 = 365$
2024 - Yr 2		2024 $\underline{0} \times 1/3 = 0$
		2023 $\underline{0} \times 1/6 = 0$
		TOTAL = <u>365</u>

At least 31 days in current year & Total \geq 183 days \rightarrow **RA**

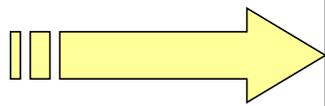


Example 4 – “Exempt Individual”

- Immigration Status: J-1 (**scholar**)
- Arrival Date: 8/15/2021 – 6/28/2024 as a student
- Returned to US on 8/15/2025 as J-1 scholar

6-year lookback
Exempt Years

- 2024
- 2023
- 2022
- 2021
- 2020
- 2019

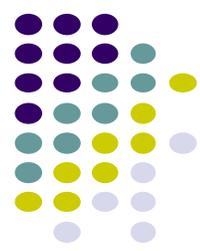


	# of Days	
2025 (Tax Year)	<u>138</u> x 1	= 138
2024	<u>180</u> x 1/3	= 60
2023	<u>365</u> x 1/6	= 61
	TOTAL	= <u>259</u>

At least 31 days in current year & Total \geq 183 days \rightarrow **RA**



Example 5 – “Exempt Individual”

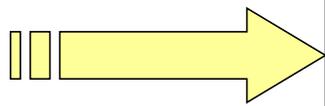


- Immigration Status: J-1 (**scholar**)
- Arrival Date: 8/15/2019 – 5/31/2020 as a scholar
- Returned to US on 8/15/2025 as a scholar

6-year lookback

Exempt Years

- 2024
- 2023
- 2022
- 2021
- 2020**
- 2019**



	# of Days		
2024 (Tax Year)	<u>138</u>	x 1	= 138
2023	<u>0</u>	x 1/3	= 0
2022	<u>0</u>	x 1/6	= 0
	TOTAL		= <u>138</u>

At least 31 days in current year & Total < 183 days → **NRA**



Exempt individuals

- Benefit to exemption – exclude days present in substantial presence test (SPT)
 - Much less likely to trigger tax resident (RA) status
- Must complete Form 8843
- Still liable for income taxes – exemption from the SPT IS NOT EXEMPTION FROM US TAXES



Form 8843

- You must file if you were an “exempt individual” for SPT purposes even if you had NO income
 - F/J students - First 5 yrs as F/ J students
 - J non-students - 2 out of preceding 6 yrs as F/J students OR J non-students
- Family members also must file this form if they were present in the U.S. under an F or J status in 2025, regardless of whether any U.S. income was received.
- Informational return to let the IRS know that you were an “exempt individual”
- Included in your income tax return if required to file



Form 8843

- No US income but claiming exemption from substantial presence test
- Get a blank form and instructions at
- <http://www.irs.gov/pub/irs-pdf/f8843.pdf>



I am an NRA with taxable income. What do I need to file?



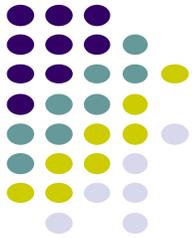
Form 1040NR

- You do NOT need to file Federal if you have no taxable income

AND

- You have no other reasons to file, such as
 - you had wages or scholarship income exempt by a tax treaty,
or
 - you had a taxable scholarship, or
 - Income tax was withheld (i.e. eligible for refund)

Overview of US Taxable Income for NRAs



Wages received in 2025

- Amount exempted by tax treaty, if any

+ Other taxable income in US

Dividends, taxable scholarships, US gains

- Certain deductions

Student loan interest

= Adjusted gross income

- Itemized/standard deductions

State income tax or standard deduction for India

= Taxable income

x Tax Rate

= Tax before credits and payments

- Tax credits

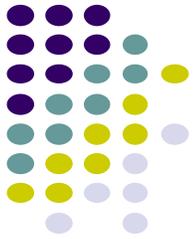
Very, very rare

- Tax payments

Withholding on W-2 and 1042-S

= Tax due or refund

Treaties



- Different treatment for students and teachers/researchers and different types of income
 - Most permit a certain amount of income to be treated as “exempt” from income tax
 - Each treaty is different
 - You need to understand the treaty that applies to you!
 - Treaties are available online
 - <https://www.irs.gov/Businesses/International-Businesses/United-States-Income-Tax-Treaties---A-to-Z>
 - Focus on Articles (typically numbered 19, 20, or 21) related to
 - Teachers, Professors, Researchers (scholars)
 - Students

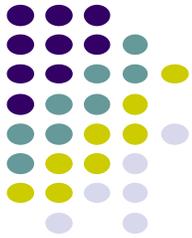
Treaties

- IRS Publication 901

China, People's Republic of

An individual who is a resident of the People's Republic of China and who is temporarily in the United States primarily to teach, lecture, or conduct research at a university or other accredited educational institution or scientific research institution is exempt from U.S. income tax on income for the teaching, lecturing, or research for a total of not more than 3 years.

- Provides summary of treaty provisions specific to scholars and students



Treaties



- A student or scholar must have been a resident of the treaty country prior to entering the U.S. for the provisions of that treaty to apply.
- The key factor is the residency and NOT citizenship of the individual.
- In most cases, the person will be both a citizen and resident of the same treaty country. However, it is very important to determine the country of residency to apply the proper treaty benefits.

Common treaty terms

- Different income exclusions amounts
 - Will vary by student vs. scholar
- Different length of time
 - Treaty exemptions to apply (e.g., 2 years, 5 years, unlimited)



Retro treaties



- A few countries have treaty clauses saying that if the maximum years of presence are exceeded, the entire treaty benefit is lost
 - German **students** after 4 years
 - India, UK, Netherlands, Luxembourg **scholars** after 2 years
 - May be others (the US/Canada treat is unique)
- Requires a taxpayer to file amended returns and pay tax on previous years' income
- Find IRS Publication 901 and read the section/country that applies to you (www.irs.gov)
 - Non-students starts on p. 24
 - Students starts on p. 29



Reporting Treaty Income

- Each type of income that an alien can earn is identified by a numeric code on Form 1042-S, box 1. International students and scholars should receive Form 1042-S in lieu of Form W-2 for any income that is covered by a treaty, and sometimes income received that is not covered by a treaty (but is not W-2 income). The codes are helpful in determining the application of the treaty benefits.
- The most common codes used by international students and scholars are:
 - Code 16: Scholarship or fellowship grants
 - Code 19: Compensation for teaching or researching
 - Code 20: Compensation during study and training

Treaties

Excerpt from [IRS Publication 4011](#)



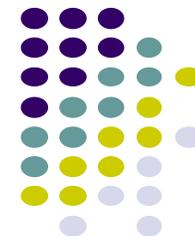
Countries with Treaty Benefits for Scholarship or Fellowship Grants (Income Code 16)

- If a nonresident alien receives a grant that is not from U.S. sources, it is not subject to U.S. tax.
- Scholarship or fellowship grants that cover tuition and fees (and books and supplies if required of all students) are not subject to U.S. tax. (Financial aid that is dependent on the performance of services, such as a teaching assistant, is treated as wages and subject to the code income 18, 19, or 20 provisions.)
- Scholarship or fellowship grants that cover room, board and other personal expenses are subject to U.S. tax unless a treaty benefit (as summarized below) exists.

<i>Country</i>	<i>Maximum Years in U.S</i>	<i>Maximum Dollar Amounts</i>	<i>Treaty Article</i>
Bangladesh	2	No Limit	21(2)
China	No Limit	No Limit	20(b)
Commonwealth of Independent States*	5	Limited	VI(1)
Cyprus	5	No Limit	21(1)
Czech Republic	5	No Limit	21(1)
Egypt	5	No Limit	23(1)
Estonia	5	No Limit	20(1)
France	5	No Limit	21(1)
Germany	No Limit	No Limit	20(3)

Treaties

Excerpt from [IRS Publication 4011](#)



Countries With Treaty Benefits for Teaching (Income Code 19)

Caution: The following is a quick-reference summary of treaty benefits. For more information about the application of these treaty benefits, see Publication 901, U.S. Tax Treaties.

<i>Country</i>	<i>Maximum Years in U.S.</i>	<i>Maximum Dollar Amounts</i>	<i>Treaty Article</i>
Bangladesh	2	No Limit*	21(1)
Belgium	2	No Limit	19(2)
Bulgaria	2	No Limit	19(2)
China	3	No Limit	19
Commonwealth of Independent States**	2	No Limit	VI(1)
Czech Republic	2	No Limit	21(5)
Egypt	2	No Limit	22
France	2	No Limit	20
Germany	2	No Limit	20(1)
Greece	3	No Limit	XII
Hungary	2	No Limit	17
India	37 ^{2L}	No Limit	22

Treaties

Excerpt from [IRS Publication 4011](#)



Countries With Treaty Benefits for Studying and Training (Income Code 20)

Caution: The following is a quick-reference summary of treaty benefits. For more information about the application of these treaty benefits, see Publication 901, *U.S. Tax Treaties*.

<i>Country</i>	<i>Maximum Years in U.S</i>	<i>Maximum Dollar Amounts</i>	<i>Treaty Article</i>
Bangladesh	No Limit*	\$8,000	21(2)
Belgium	No Limit	9,000	19(1)(b)
Bulgaria	No Limit	9,000	19(1)(b)
China	No Limit	5,000	20(c)
Cyprus	5	2,000	21(1)
Czech Republic	5	5,000	21(1)
Egypt	5	3,000	23(1)
Estonia	5	5,000	20(1)
France	5	5,000	21(1)
Germany	4 ^L	9,000	20(4)
Iceland	5 ⁸⁸	9,000	19(1)

What your documents probably look like



- 1042-S generally reports treaty exempt income, not always (sometimes will include taxable scholarships)
- You may receive a 1042-S from your bank with Income Code 29 if you earned interest/bonus

Form 1042-S		Foreign Person's U.S. Source Income Subject to Withholding 2025		OMB No. 1545-0096
Department of the Treasury Internal Revenue Service		Go to www.irs.gov/Form1042S for instructions and the latest information.		Copy A for Internal Revenue Service
		UNIQUE FORM IDENTIFIER	AMENDED	AMENDMENT NO.
1 Income code	2 Gross income	3 Chapter indicator. Enter "3" or "4"	13d City or town, state or province, country, ZIP or foreign postal code	
16, 19, 20	\$1,000	3a Exemption code	4a Exemption code	13e Recipient's U.S. TIN, if any
		3b Tax rate	4b Tax rate	13f Ch. 3 status code
5 Withholding allowance	6 Net income			13g Ch. 4 status code
7a Federal tax withheld		13h Recipient's GIIN	13i Recipient's foreign tax identification number, if any	13j LOB code
7b Check if federal tax withheld was not deposited with the IRS because escrow procedures were applied (see instructions)	<input type="checkbox"/>			13k Recipient's account number
7c Check if withholding occurred in subsequent year with respect to a partnership interest	<input type="checkbox"/>			13l Recipient's date of birth (YYYYMMDD)
7d Check if you are a qualified intermediary, withholding foreign partnership, or withholding foreign trust revising its reporting on Form 1042-S to report to a specific recipient	<input type="checkbox"/>			14a Primary withholding agent's name (if applicable)
8 Tax withheld by other agents		14b Primary withholding agent's EIN	15 Check if pro-rata basis reporting <input type="checkbox"/>	
9 Overwithheld tax repaid to recipient pursuant to adjustment procedures (see instructions)	()	15a Intermediary or flow-through entity's EIN, if any	15b Ch. 3 status code	15c Ch. 4 status code
10 Total withholding credit (combine boxes 7a, 8, and 9)				15d Intermediary or flow-through entity's name
11 Tax paid by withholding agent (amounts not withheld) (see instructions)		15e Intermediary or flow-through entity's GIIN	15f Country code	
12a Withholding agent's EIN	12b Ch. 3 status code	12c Ch. 4 status code	15g Foreign tax identification number, if any	
12d Withholding agent's name			15h Address (number and street)	
12e Withholding agent's global intermediary identification number (GIIN)			15i City or town, state or province, country, ZIP or foreign postal code	
12f Country code	12g Foreign tax identification number, if any		16a Payer's name	
12h Address (number and street)			16b Payer's TIN	
12 City or town, state or province, country, ZIP or foreign postal code			16c Payer's GIIN	16d Ch. 3 status code
13a Recipient's name	13b Recipient's country code			16e Ch. 4 status code
13c Address (number and street)			17a State income tax withheld	17b Payer's state tax no.
			17c Name of state	

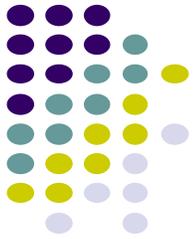
For Privacy Act and Paperwork Reduction Act Notice, see instructions. Cat. No. 11386R Form **1042-S** (2025)

1042-S from UCSD

- The 1042-S prepared by UCSD
- Codes 16, 19, 20
 - 16 = Scholarship/Fellowship grant
 - 19 = teaching
 - 20 = working
- Not everyone gets a 1042-S



Working on/off campus

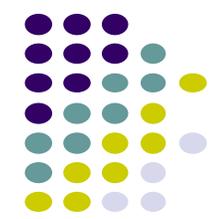


- Income Code 20—Compensation During Study and Training
- Students and trainees from many countries are allowed to earn some money tax-free in the U.S.
- Many international students earn money from the university they attend. If a student earns more wages than their treaty benefit allows, the excess must be reported on their tax return.
- International students and scholars who qualify can avoid withholding federal income tax on the students' and scholars' earnings until the applicable treaty benefit amount is exceeded.

Working Off Campus



- Sometimes students and scholars try to make use of the treaty benefits for dependent and independent personal service income (Income Codes 17 and 18).
 - Many treaties do not permit students and scholars to earn those types of income; they are only allowed to engage in employment that is related to the reason they were admitted to the country (as a student or scholar).
 - This will be ineligible for treaty exemption and taxed
 - Both income and employment taxes can apply



● Form W-2

22222		a Employee's social security number		OMB No. 1545-0029	
b Employer identification number (EIN)			1 Wages, tips, other compensation	2 Federal income tax withheld	
			9,000.00	900.00	
c Employer's name, address, and ZIP code			3 Social security wages	4 Social security tax withheld	
UCSD Payroll					
			5 Medicare wages and tips	6 Medicare tax withheld	
			7 Social security tips	8 Allocated tips	
			9	10 Dependent care benefits	
first name and initial			Last name		Suff.
address and ZIP code			11 Nonqualified plans		12a
payer's state ID number			16 State wages, tips, etc.	17 State income tax	12b
			10,000.00	500.00	
			18 Local wages, tips, etc.	19 Local income tax	20 Locality name

Difference due to treaty!

Probably should be blank

Form **1042-S** Foreign Person's U.S. Source Income Subject to Withholding **2025**

Department of the Treasury Internal Revenue Service

Go to www.irs.gov/Form1042S for instructions and the latest information.

UNIQUE FORM IDENTIFICATION NUMBER: 1545-0046

AMENDMENT NO.:

Copy A for Internal Revenue Service

1 Income code

2 Gross income \$1,000

3 Chapter indicator

4a Exemption code

4b Tax rate

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

7d Check if you are a qualified intermediary, withholding foreign partnership, or withholding foreign trust revising its reporting on Form 1042-S to report to a specific recipient

8 Tax withheld by other agents

9 Overallwithheld 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

13e Recipient's U.S. TIN, if any

13f Ch. 3 status code

13g Ch. 4 status code

13h Recipient's GIN

13i Recipient's foreign tax identification number, if any

13j LOB code

13k Recipient's account number

13l Recipient's date of birth (YYYYMMDD)

14a Primary withholding agent's name (if applicable)

14b Primary withholding agent's EIN

15 Check if pro-rata basis reporting

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 GIN

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

2 Wage and Tax Statement **2025** Department of the Treasury—Internal Revenue Service

State, City, or Local Tax Department

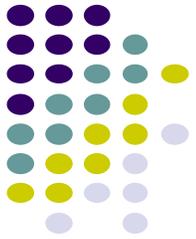
For Privacy Act and Paperwork Reduction Act Notice, see instructions. Cat. No. 11386R Form 1042-S (2025)

Other income



- Some outside employers will not handle your taxes correctly
 - Common mistakes
 - No 1042-S (you will need to apply the treaty)
 - They might apply employment taxes
 - Students and scholars – if permitted work and you are here on your F, J, M or Q visa exempt from employment taxes (Social Security & Medicare)
 - If you remain an NRA
 - Spouses on F-2 or J-2 not exempt
 - They may also issue you a Form 1099-MISC or 1099-NEC

Other Income



- Dealing with a 1099-MISC or 1099-NEC
 - If Resident
 - 1099-MISC: Typically reported as “Other Income”
 - 1099-NEC: Typically reported as self-employment income, should be reported on Schedule C (you are a business!)
 - Also need to file for self-employment taxes
 - If NRA, also a business but you remain exempt from self-employment taxes
 - 1099-MISC: Typically reported as “Other Income”
 - 1099-NEC: Typically reported as self-employment income, should be reported on Schedule C (you are a business!) – may remain exempt from self-employment taxes so can report also as “Other Income”

Other Income



- If your employer mistakenly withholds employment taxes
 - Social Security and Medicare
 - Step 1: Ask for refund from employer
 - Step 2: File Form 843
 - Follow instructions for this form and mail separate from your income tax returns or email ventasdsu@gmail.com and we can provide you with some instructions on how to fill out Form 843 (we will not prepare this for you, and this is separate from your tax return filings)



Other forms you may have received

- Form 1099-INT (Interest Income)
 - Probably disregard for federal tax purposes because interest received on deposits held in U.S. banks are NOT taxable if you're an NRA, generally
 - Some may get a 1042-S for opening a new bank account (Income Code 29)
- Form 1098-T (Tuition Statement)
 - Disregard because educational credits are NOT allowed for an NRA
- Others?
 - Form 1099-DIV dividends
 - Form 1099-B broker's statement listing security sales

Unique Treaties



- India - **students** on an F, J, or M visa are allowed to use the standard deduction instead of itemizing deductions.
 - An Indian student may take a standard deduction equal to the amount allowable on Form 1040 (\$15,750 for single)

Unique Treaties - China



- A student from China is entitled to the \$5,000 exemption each year for time reasonably necessary to complete education or training.
 - Students will become resident aliens for tax purposes after five years but would still be entitled to the treaty benefit if they remain students.
- A scholar is exempt from tax on earned income for three years. After two years, a scholar will become a resident alien for tax purposes but is still entitled to one more year of tax benefits under the treaty.

Deductions



- Itemized Deductions
 - Nonresident students and scholars (except students from India) **are not permitted to take the standard deduction.**
 - Itemized deductions are limited
 - State and local taxes
 - Charitable contributions (to US charities only)
 - Student loan interest
- This is a bit crazy, but if you filed a tax return last year and received a refund from CA (or whatever state you were in), that is probably income this year.
 - CA will provide you with a 1099G regarding this refund received.
 - This is NOT likely to be true if you are a student from India.

Dependents and Exemptions



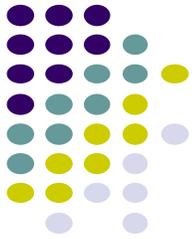
- US Income tax provides a “blanket” deductions against taxable income
 - Standard deduction
 - Generally, \$15,750 for a single taxpayer and \$31,500 for married filing jointly taxpayer **BUT NOT APPLICABLE TO NONRESIDENTS** (exception: foreign students from India)

Dependent issues



- All unmarried nonresidents must use the Single filing status
- Married nonresidents must use the Married Filing Separately status, even if their spouse is present in the U.S.
 - Special rules for students from Canada, Mexico and South Korea and India – they can file as single under limited circumstances
- A nonresident alien who is married to a U.S. citizen or resident can choose to be treated as a resident and file a joint return (Form 1040)

Dependents



- Generally, none except
 - Canada and Mexico: Dependents can be claimed if they meet all the tests for dependency.
 - South Korea: Dependents must live with the nonresident in the U.S. at least part of the year. The dependency exemption will need to be prorated if the nonresident has both U.S. income and foreign income.
 - Students from India: Dependents can be claimed if they meet all the tests for dependency
 - If this is you, go to p. 40 of IRS Publication 519 and read!
 - www.irs.gov

Married to US resident



- Typically, child tax credits and earned income credits are NOT available to non-residents
 - However – non-resident married to a US resident may be permitted to under certain circumstances if they file jointly
 - Again – some available for Canada, Mexico, South Korea and students from India

Dual status residents



- Become a resident in 2025 but spouse not a resident
 - May file jointly both as residents
 - Income is worldwide income (so might make sense if trailing spouse has no income)

Timing issues



- Treaty exclusion does NOT match up with exemption from SPT
 - Anwar came to US on F-1 on August 1, 2020
 - Exempt from counting days: 2020, 2021, 2022, 2023, 2024 but NOT 2025
 - He is a resident for tax purposes for 2025 tax year
 - However, his treaty runs from August 1, 2020 – July 31, 2024
 - He can still have treaty excluded income!!!!



Glacier Tax Prep

- If Glacier Prep cannot handle your tax situation
 - You have treaty provisions to apply to a resident return - Timing with treaty and SPT
 - You wish to make the election to treat a non-resident spouse as a resident
 - You have retro treaty issues
- If you are a student – book an appointment with SDSU VITA
 - <https://business.sdsu.edu/vita>
 - May be able to handle Scholar returns but our student volunteers are more adept to Foreign Student tax returns
- If you are a scholar – you need a paid preparer

Paid Preparers



- Most trained: Certified Public Accountant (CPA), Enrolled Agent (EA)
- Least trained: H&R Block, Liberty Tax
- Do NOT try this with Turbo Tax
- You need to find a preparer that specializes in nonresidents and international issues
- I do NOT have a list of preferred providers (sorry)

Resources



- IRS Website: www.irs.gov
- I have questions about items of income, dependents, deductions, and credits
 - Best bet is Form 1040-NR instructions:
 - <https://www.irs.gov/pub/irs-pdf/i1040nr.pdf>
- I have questions about treaty provisions
 - Best bet is Publication 901, U.S. Tax Treaties
 - <https://www.irs.gov/pub/irs-pdf/p901.pdf>
- I have other questions about taxes
 - Best bet is Publication 519, U.S. Tax Guide for Aliens
 - <https://www.irs.gov/pub/irs-pdf/p519.pdf>
- California Franchise Tax Board: www.ftb.ca.gov



Questions?