



United States Income Taxes

If you undertook an IIE-SRF fellowship in the U.S. during a given calendar year, you may need to file an annual tax return with the U.S. federal government, and perhaps with the government of the state in which you worked. The deadline for most filings is **April 15** of each calendar year. U.S. tax law can be complicated, so **we recommend that you consult with the international office, personnel office, or payroll office at your host university for more detailed information about resources to help you with your specific tax situation.**

The IIE-SRF staff cannot provide any direct assistance with your federal, state, or local tax filing preparation and is unable to answer specific questions about tax regulations in the U.S. The guidance provided below is for informational purposes only and should serve as a starting point for understanding U.S. tax requirements.

Do you owe taxes? Whether you are required to pay taxes in the U.S. depends on many factors, including your visa, immigration or resident status, and the nature of your work or study program. Some countries have entered into treaties with the U.S. that govern whether or not their citizens are required to pay U.S. taxes. The provisions of these treaties vary and exemptions are not automatic. Consult your university's international office, personnel office, or payroll office to inquire as to whether you are required to pay taxes in the U.S.

Filing tax returns: Even if you do not owe taxes, you are required to file a tax return. All foreign scholars and spouses earning income from a U.S. source in a given year are required to report their annual income by filing a tax return between January 1 and April 15 of the following year. (For example, for the 2018 calendar year, returns are filed between January 1 and April 15, 2019.)

Federal vs. state and local taxes: The U.S. has a tax system under which income taxes are imposed by federal, state, and most local governments. You may be required to file tax returns with the federal government AND the government of the state in which you resided and/or worked.

Withholding for taxes: Your host institution may be required to withhold funds from your fellowship, stipend, or salary in anticipation of taxes you will owe. The host institution pays these funds directly to the government on your behalf. This is called "withholding." The amount withheld should be shown on your paystub and in a form you receive annually from your host institution. Scholars who receive direct payments from IIE-SRF may also receive a form from IIE. The amount withheld from your paycheck will depend upon several factors unique to your situation, including, but not limited to, your visa, immigrant or resident status, the amount of time you have been in the U.S., the nature of your work or study program, whether you have any dependents, and the amount you earn.

IIE-SRF scholars who hold J-1 visas and receive any direct payments from IIE-SRF (this may include fellowship payments or any other direct payments, such as health insurance reimbursements or stipends) will have their payments taxed at 14% per U.S. law, unless their country of citizenship has entered into a tax treaty with the U.S. mandating that taxes should not be withheld. Scholars who hold any other type of visa or temporary status, and who are paid directly by IIE-SRF, will have their payments from IIE-SRF taxed at 30%. Payments to certain scholars, including those with permanent status in the U.S. who meet certain criteria, may not have taxes withheld at time of payment. Information about these criteria can be found at <https://www.irs.gov/individuals/international-taxpayers/substantial-presence-test>.

If there are no taxes being withheld from your payments, it may be up to you to report your income and withholding status to the government, and **you may be required to pay taxes to the government when you file your annual tax return**. Consult your university's international office, personnel office, or payroll office for assistance in understanding your tax responsibilities and how to plan ahead for any potential future tax payments.

Budgeting for withholding: Withholding reduces the amount of money you will have available to spend each month. When planning your budget for living expenses, remember to deduct any withholding before making your expense budget.

Excess withholding: There may be circumstances in which too much money is withheld by a scholar's host institution. That is, more money is withheld than you are required to pay to the government. In this circumstance, you may be able to claim a tax refund to have the government return the excess money withheld to you. To claim a refund, you must file an income tax return.

Tax records: You should keep copies for your records of any tax forms submitted to the government. You should also keep receipts regarding your income or another record of your earnings, and any other documents supporting the information provided to the government in your tax filing.

Tax Filing and Preparation Assistance

International offices: Many universities provide resources, such as workshops or tax preparation software or services, to help their international visitors with tax filings. Some universities may provide access to a web-based tax return preparation system called **GLACIER**, also sometimes referred to as **CINTAX**. This system is designed exclusively for nonresident students and scholars, and their dependents, to help them prepare U.S. federal income tax filings. If you are undertaking your fellowship at a university, ask your international office if the university subscribes to this program or can provide any other assistance with filing your taxes. If your university does not subscribe to GLACIER, you can find more information about the cost of using GLACIER as an individual and other frequently asked questions at <https://www.glaciertax.com/index#whatdoes>.

Tax preparers and tax preparation software: There are a number of relatively inexpensive, widely used tax preparation computer programs which may help you in preparing your taxes. Information about some of these programs can be found here: <https://www.nerdwallet.com/blog/taxes/best-tax-software/>. Professional tax preparers are also available to complete your tax returns for you. Before choosing a tax preparer, make sure to ask for a cost estimate from the company you are considering, and check with trusted friends or colleagues at your institution to find out if they are reliable and have a good reputation.

IRS Volunteer Income Tax Assistance (VITA): During the tax season (January 1 – April 15), the Internal Revenue Service (IRS) offers free tax assistance to certain qualified groups and individuals. Services at each VITA site vary and are subject to the availability of volunteers. To find a VITA site near your host institution, as well as a list of documents you must bring to your appointment, please visit <http://www.irs.gov/Individuals/Free-Tax-Return-Preparation-for-You-by-Volunteers> or call 1-800-906-9887. You should also check with the international office at your host institution to determine whether they offer these services, or if they know of a VITA location near you.

Other Helpful University Resources: The following websites provide further explanations of tax filing requirements and forms for international visitors. Your university may provide additional resources as well:

University of Cincinnati: http://www.uc.edu/international/services/employment_taxes/taxes.html

University of Tennessee: <http://www.uthsc.edu/international/taxfaq.php>

Tax forms and terms you may encounter (list is not exhaustive):

Form 1040NR or 1040EZ:

If you were an individual considered a nonresident for tax purposes during a given calendar year and engaged in business in the U.S., you are required to complete and file either a form 1040NR or 1040EZ. More information is available at <https://www.irs.com/articles/what-is-tax-form-1040nr>.

1042S (Foreign Person's U.S. Source Income Subject to Withholding)

This form is used to report U.S.-source income paid to an individual considered a nonresident for tax purposes. This form will be issued to you by your host university and/or IIE, depending on who issued your payments. Please note that if IIE-SRF made any payments to you from which taxes were withheld in a given calendar year, IIE will send you a 1042S form during the associated filing period.

W-2 (Wage and Tax Statement)

This form is used to report your U.S. income from employment regardless of your U.S. residency status. Your host institution reports gross income you earned during the year as well as income taxes withheld from your wages and submitted to tax authorities. You will receive this form from your host university following the end of each calendar year, and use the information included on the form to complete and file the appropriate tax forms.

FICA Tax (Social Security Tax)*

This tax is imposed on all earned wages in the U.S. FICA tax is the money that is taken out of workers' paychecks in order to pay older Americans their social security and medical benefits.

*If you are a holder of an F-1, J-1, M-1, or Q-1/Q-2 visa, you are most likely exempt from this tax. Many U.S. employers are not aware of this exemption and they withhold this tax from your wages. Please speak with a representative from your host institution if you notice the error.

8843 (Statement for Exempt Individuals and Individuals with a Medical Condition)

This form must be filed in order to ensure your exempt status for U.S. tax purposes as a J visa holder. If you were present in the U.S. under the J visa status in a given year and are considered a nonresident for tax purposes, you must complete this form and submit it to the IRS.

W-4 (Employee's Withholding Allowance Certificate)

Your host institution will ask you to complete this form prior to the commencement of your appointment/employment. This form will determine the tax withholding amount from your salary. Speak with a representative from your university's international office, personnel office, or payroll office for assistance completing this form, if needed.

For more information, please visit:

The Internal Revenue Service (IRS)

<http://www.irs.gov/>

IRS Tax Information for Visitors to the US:

<http://www.irs.gov/Individuals/International-Taxpayers/Foreign-Students-and-Scholars>