



tempe financial stability initiative

ASU International Students from India Subject to United States Taxation for 2016 Tax Returns

Presenters

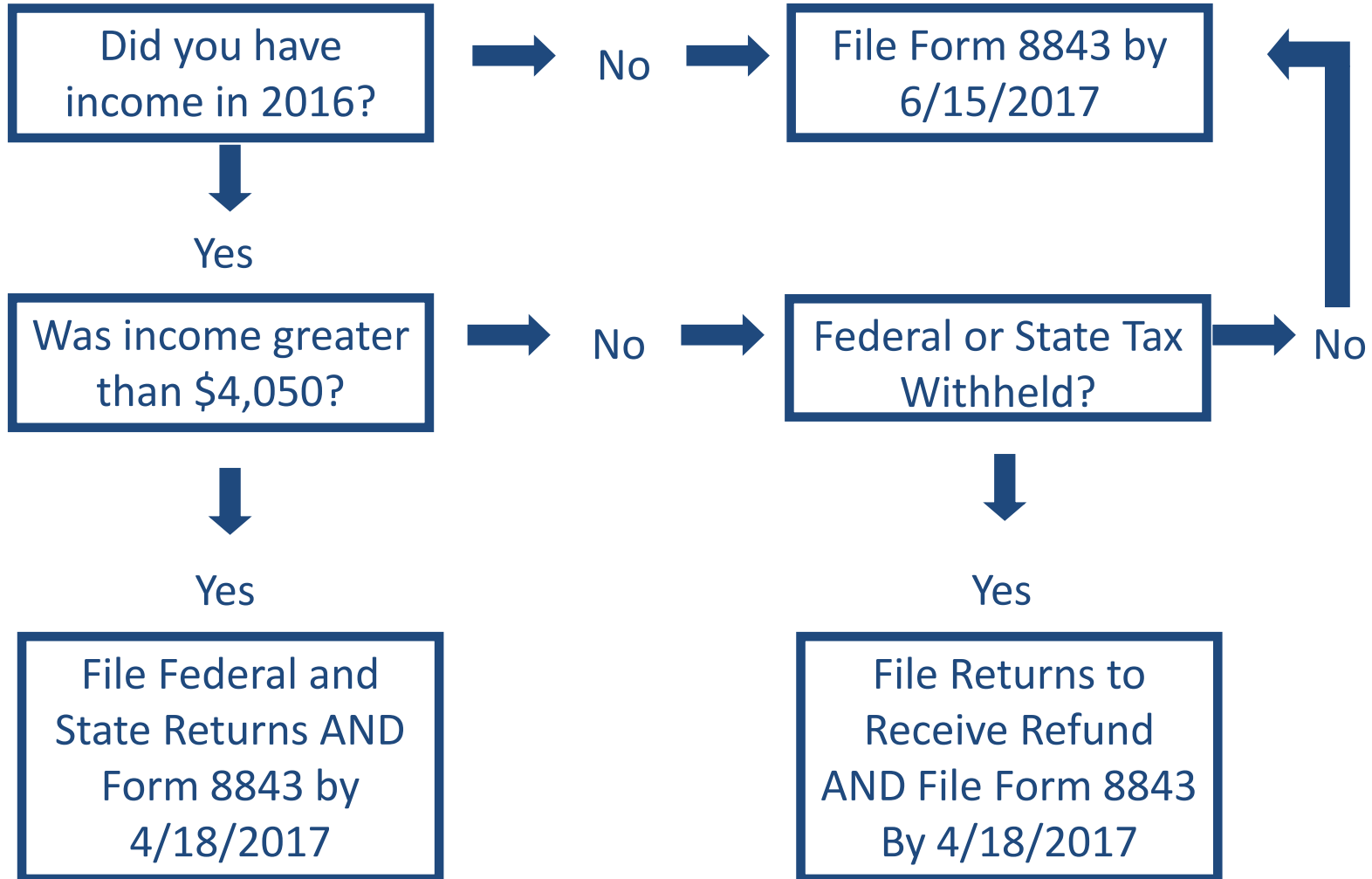
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Council**

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International Students Required to File a US Tax Return?

- If you have earnings of ANY amount on a form W-2 AND withholding tax has been deducted from your earnings
- If you have earnings of more than **\$4,050** regardless of whether any withholding tax was deducted
- If you have taxable income on Form 1042-S, Box 2

Required to File Tax Returns?



Students from India

- Special tax treatment under the US – India Income Tax Treaty
- More exemptions, more deductions
- Less taxable income
- **LESS TAX!**

Students from India

Tax Treaty

- A tax treaty is an agreement between two countries to avoid double taxation of the same income
- Defines who and how a resident of one country will be taxed when earning income in the other country
- Encourages the exchange of ideas, research, education and capital investment
- Special treatment for students, scholars, teachers and researchers in US from India

Students from India

Tax Treaty Benefits

I. Exemptions

- Entitled to claim an exemption (i.e. reduce income) for a spouse if:
 - Spouse has no income from US sources
 - No one else (i.e., a parent or other relative) can claim the spouse as a dependent for US tax purposes
 - **THIS IS NOT THE SAME AS FILING A JOINT TAX RETURN**
- Entitled to claim an exemption for each child
- Each exemption reduces taxable income by \$4,050

Students from India

Tax Treaty Benefits (Continued)

II. Deductions

- Entitled to claim one standard deduction of \$6,300 when filing as a single person or married filing separately
- Deduction reduces taxable income
- * These benefits do not apply to Professors, Teachers and Research Scholars from India

Students from India

What Tax Form to File

- File Form 1040NR or Form 1040NR-EZ
- Glacier software will select the correct form
 - File Form 1040NR if you have a spouse or children
 - File Form 1040NR-EZ if no spouse or children; no itemized deductions; your only US income is from wages, salaries and taxable scholarships

Students from India

Filing Status

- If unmarried, file as a **Single** person
- If married, file as **Married Filing Separately**
- Cannot file as Head of Household
- A joint return, i.e., husband and wife filing one tax return together is not permitted for non-resident aliens
- But: See benefits for students under US – India tax treaty

Documents Needed to Complete US and AZ Tax Returns

- ▶ Form W-2 and/or Form 1042S
- ▶ Passport and Visa (J-1 or F-1) or US Immigration Status
- ▶ # of days in US in 2016 including entry and leave date
- ▶ # of days in US during 2013, 2014, 2015 including entry and leave date

Documents Needed to Complete US and AZ Tax Returns (Continued)

- ▶ Knowledge of Visa Status for last 6 years (or number of applicable years)
- ▶ Name & Address of director or dean of your program at ASU

Documents Needed to Complete US and AZ Tax Returns (Continued)

- ▶ All US tax forms and instructions are available at www.irs.gov and
- ▶ All AZ tax forms and instructions are available at www.azdor.gov
- ▶ Be sure to print 2016 tax forms

Form W-2

Earnings Statement

Box #	Description
Box 1	Your federal earnings
Box 2	Your federal withholding tax -What is withholding tax? -How to avoid in future years?
Boxes 3, 4, 5	Social Security and Medicare taxes
Box 16	Your Arizona earnings
Box 17	Your Arizona withholding tax

Form W-2 Earnings Statement

22222		Void <input type="checkbox"/>	a Employee's social security number		For Official Use Only ▶ OMB No. 1545-0008		
b Employer identification number (EIN)			1 Wages, tips, other compensation		2 Federal income tax withheld		
c Employer's name, address, and ZIP code			3 Social security wages		4 Social security tax withheld		
			5 Medicare wages and tips		6 Medicare tax withheld		
			7 Social security tips		8 Allocated tips		
d Control number			9		10 Dependent care benefits		
e Employee's first name and initial		Last name		Suff.		11 Nonqualified plans	
f Employee's address and ZIP code			12a See instructions for box 12		12b		
			13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/>		12c		
			14 Other		12d		
15 State Employer's state ID number		16 State wages, tips, etc.		17 State income tax		18 Local wages, tips, etc.	
						19 Local income tax	
						20 Locality name	

Form **W-2** Wage and Tax Statement

2016

Department of the Treasury—Internal Revenue Service
For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.

Copy A For Social Security Administration — Send this entire page with Form W-3 to the Social Security Administration; photocopies are **not** acceptable.

Cat. No. 10134D

Do Not Cut, Fold, or Staple Forms on This Page

Form 1042-S

Scholarship Income

- Form 1042-S is issued only to Non-Resident Alien students who receive scholarships or fellowships that exceed tuition and related fees
- You will not receive a Form 1042-S if you have a tuition waiver and do not receive any checks

Form 1042-S

Scholarship Income (Continued)

- If you have income shown in **Box 2** of Form 1042-S, include it on Line 12 of Form 1040NR or Form 1040NR-EZ
- Some countries – NOT India – may exempt such income for US tax under a tax treaty. US does not exempt this amount from income tax but gives Indian students other benefits

Form 1042-S Scholarship Income

Form 1042-S		Foreign Person's U.S. Source Income Subject to Withholding		2016		OMB No. 1545-0096	
Department of the Treasury Internal Revenue Service		▶ Information about Form 1042-S and its separate instructions is at www.irs.gov/form1042s .				Copy A for Internal Revenue Service	
		<input type="checkbox"/> AMENDED		<input type="checkbox"/> PRO-RATA BASIS REPORTING			
1 Income code	2 Gross income	3 Chapter Indicator. Enter "3" or "4"	13e Recipient's U.S. TIN, if any				
		3a Exemption code	4a Exemption code	13f Ch. 3 status code	13g Ch. 4 status code		
		3b Tax rate	4b Tax rate	13h Recipient's GIIN	13i Recipient's foreign tax identification number, if any	13j LOB code	
5 Withholding allowance	6 Net income		7b Check if tax not deposited with IRS pursuant to escrow procedure <input type="checkbox"/>				
7a Federal tax withheld	8 Tax withheld by other agents		13k Recipient's account number		13l Recipient's date of birth		
9 Tax paid by withholding agent	10 Total withholding credit		14a Primary Withholding Agent's Name (if applicable)				
11 Amount repaid to recipient	14b Primary Withholding Agent's EIN		15a Intermediary or flow-through entity's EIN, if any		15b Ch. 3 status code	15c Ch. 4 status code	
12a Withholding agent's EIN	12b Ch. 3 status code	12c Ch. 4 status code	15d Intermediary or flow-through entity's name				
12d Withholding agent's name	12e Withholding agent's Global Intermediary Identification Number (GIIN)		15e Intermediary or flow-through entity's GIIN				
12f Country code	12g Foreign taxpayer identification number, if any		15f Country code		15g Foreign tax identification number, if any		
12h Address (number and street)	15h Address (number and street)		15i City or town, state or province, country, ZIP or foreign postal code				
12i City or town, state or province, country, ZIP or foreign postal code	16a Payer's name		16b Payer's TIN				
13a Recipient's name	13b Recipient's country code		16c Payer's GIIN		16d Ch. 3 status 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		
13d City or town, state or province, country, ZIP or foreign postal code							

For Privacy Act and Paperwork Reduction Act Notice, see instructions.

Cat. No. 11386R

Form **1042-S** (2016)

Form 8843

Statement for Non-Resident Aliens

- ▶ **Must be filed by all Non-Residents Aliens**
- ▶ Students complete Sections I and III
- ▶ Simple information form
- ▶ If you file a tax return, Form 8843 may be filed with the tax return

Form 8843

Statement for Non-Resident Aliens

- ▶ If not required to file a tax return, file Form 8843 by June 15, 2017 at:

Department of the Treasury
Internal Revenue Service
Austin, TX 73301-0215

Form 1098-T - Tuition Statement Education Tax Credits

- ▶ International Students are not eligible to claim any educational credits from info on Form 1098-T
- ▶ **Ignore any Form 1098-T** you may have received *if you are on a F-1 or J-1 Visa*
- ▶ Form 1098-T not required to be sent to International Students but University may have sent you a form in case your status changed during the year to a Resident Alien

Students from India

Medical Insurance for Spouse & Children

- Does your spouse or your children have medical insurance coverage from “The Marketplace” under the Affordable Care Act?
- If so, special rules apply when filing a US tax return

Students from India

Preparation of AZ Tax Return Form 140NR

- The AZ return is substantially similar to the federal tax return
- If all your income was from AZ sources, use Form AZ 140NR
- If your income was from both AZ sources and other states, special rules apply and a Form AZ 140PY (i.e., part year) is used
- You may want to file an AZ return to obtain a refund of withholding taxes even though you have no AZ tax liability

Students from India

Preparation of AZ Tax Return Form 140NR

- The major difference between the federal tax return and the Arizona tax return is in the choice of filing status:
 - If married on 12/31/2016, you may choose married filing jointly as your filing status although your federal status may have been married filing separately
 - If married filing jointly, you may claim an exemption for yourself, your spouse and for any children

International Students

Preparation of AZ Tax Return Form 140NR

- ***You MUST include a copy of your federal tax return (1040NR or 1040NR-EZ) with your Arizona tax return!***

Resources for Tax Advice

- www.irs.gov (US Internal Revenue Service)
 - Publication 515 – Withholding of Tax on Non-Resident Aliens
 - Publication 519 – US Tax Guide for Aliens
 - Publication 901 – US Tax Treaties
 - Instructions for Form 1040 NR
- www.azdor.gov (AZ Department of Revenue)
 - Instructions for Form AZ 140 NR

your time to ask

Questions?