

tempe financial stability initiative

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







Diane Watkins, VITA Program Coordinator, Tempe Community Council

Marilyn Lillienfeld, CPA Volunteer, Tempe Community Council

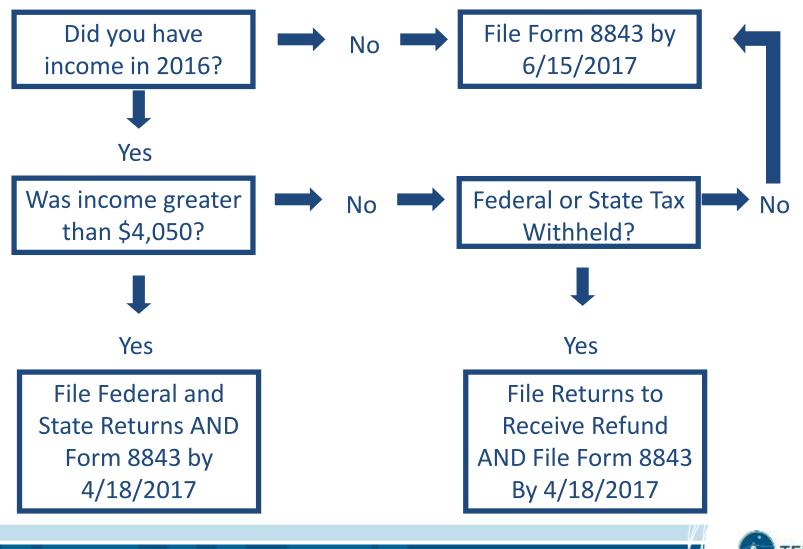


International Students Required to File a US Tax Return?

- If you have earnings of <u>ANY</u> amount on a form W-2 <u>AND</u> 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 <u>www.irs.gov</u> and
- All AZ tax forms and instructions are available at <u>www.azdor.gov</u>
- ► Be sure to print <u>2016</u> 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

55555	Void	a Emp	oloyee's social security number	ber For Official Use Only > OMB No. 1545-0008									
b Employer identification number (EIN)							1 Wages, tips, other compensation 2 Federal income tax v						
c Employer's nam	e, address, and a	ZIP code))			3	Soc	ial security wages	4	Social security	tax withheld		
						5	Mec	dicare wages and tips	6	Medicare tax w	ithheld		
							Soc	ial security tips	8	8 Allocated tips			
d Control number						9		10 Dependent care benefits					
e Employee's first	Employee's first name and initial Last name					11 Nonqualified plans				12a See instructions for box 12			
						13	Statu empk Othe		12b				
f Employee's address and ZIP code 15 State Employer's state ID number		16 State wages, tips, etc.	17 State inco		me tax		18 Local wages, tips, etc.	19 Local in	cal income tax	20 Locality name			
			Statement ation — Send this entire pag					For	Privac	y Act and Pape	I Revenue Service rwork Reduction rate instructions.		
			stration; photocopies are not Do Not Cut, Fold, (t accept		or	ne (Cat. No. 10134D		



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

Department of the Treasury Internal Revenue Service AMENDED PRO-RATA BASIS REPORTING Copy A for Internal Revenue Service 1 Income code 2 Gross Income 3 Chapter Indicator. Enter "2" or "4" 13e Recipient's U.S. TIN, if any 3e Exemption code 4a Exemption code 13e Recipient's U.S. TIN, if any 3e Exemption code 13e Recipient's GIN 13f Recipient's GIN 13g Rocipient's U.S. TIN, if any 3e Exemption code 13g Ch. 4 status code 13g I.D.E. 5 Withholding allowance To Chok if the not deposited with resonance is earning productive in the serve in the s	I042-S	Foreign Per	son's U.S.	Sourc	e Income	Subj	ect to Withholding	6	201	6	OMB No	0. 1545-0096	
code 3 Exemption code 4a Exemption code 3b Tax rate 4b Tax rate 13f Ch. 3 status code 13g Ch. 4 status code 5 Withholding alowance 7b Check if tax not deposited with 08 rat withheid 13l Recipient's converts to score procedure 13l Recipient's converts to score procedure 13l Recipient's converts to score procedure 9 Tax paid by withholding agent 13k Recipient's account number 13l Recipient's date of 10 Total withholding agent 13k Recipient's account number 13l Recipient's date of 12a Withholding agent 13b Ch. 3 status code 12c Ch. 4 status code 13k Recipient's count number 11 Amount repaid to recipient 12b Ch. 3 status code 12c Ch. 4 status code 15a Intermediary or flow-through entity's ElN. If any 15b Ch. 3 status code 15c Ch. 4 status code 12a Withholding agent's ElN 12b Ch. 3 status code 12c Ch. 4 status code 15a Intermediary or flow-through entity's ElN. If any 15b Ch. 3 status code 15c Ch. 4 status code 12b Withholding agent's country code 12g Foreign taxpayer identification number, if any 15b Intermediary or flow-through entity's GilN 15c Intermediary or flow-through entity's GilN 12b Country code 12g Foreign taxpayer identification number, if any 15h Address (number and street) 15h Address (number and str	Information about Form 1042-S and its separate instruction Department of the Treasury								Copy A for Internal Revenue Service				
3a Exemption code 4a Exemption code 3b Tax rate 4b Tax rate 13f Ch. 3 status code 13g Ch. 4 status code 5 Withholding allowance 13h Recipient's GIN 13i Recipient's torugen tax identification 13j LOE 6 Net Income 7b Chock if tax not deposited with PS parsant to excrew procedure 13k Recipient's GIN 13i Recipient's torugen tax identification 13j LOE 7a Federal tax withheld 7b Chock if tax not deposited with PS parsant to excrew procedure 13k Recipient's count number 13i Recipient's torugen tax identification 13j Recipient's count number 13i Recipient's torugen tax identification 9 Tax paid by withholding agent 14a Primary Withholding Agent's Name (If applicable) 14b Primary Withholding Agent's EIN 15c Intermediary of flow-through entity's EIN, if any iso Ch. 3 status code iso Ch. 4 status code iso intermediary or flow-through entity's GIN. 15c Ch. 4 status code iso intermediary or flow-through entity's GIN. 12d Withholding agent's Global Intermediary identification Number (GIN) 15g Intermediary or flow-through entity's GIN. 15g Foreign tax identification number. If any iso Ch. 3 status code iso Country. 12f Country code 12g Foreign taxpayer identification number, if any iso Ch. 4 status code iso intermediary or flow-through entity's GIN. 15g Foreign tax identification number. If any iso Ch. 4 status code iso intermediary or flow-through entity's Call intermediary or flow-through entity's Call inte		me 3 Chapter	Indicator. Ent	or "4"	13e Recipient's U.S. TIN, if any								
5 Withholding allowance 13h Recipient's GIN 13l Recipient's GiN 13l Recipient's data 13l Recipient's data <t< td=""><td>code</td><td>3a Exemptio</td><td>on code</td><td>4a Đ</td><td>emption code</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></t<>	code	3a Exemptio	on code	4a Đ	emption code								
0 Withholding allowable To Creak if tar net deposited with PR5 paraart to accrear procedure number, if any 131 Recipient's date of 8 Tax withheid by other agents 13k Recipient's account number 13l Recipient's date of 9 Tax paid by withholding agent 14k Primary Withholding Agent's Name (if applicable) 10 Total withholding credit 14k Primary Withholding Agent's Name (if applicable) 11 Amount repaid to recipient 14b Primary Withholding Agent's Name (if applicable) 12a Withholding agent's EIN 12b Ch. 3 status code 12c Ch. 4 status code 15a intermediary or flow-through entity's EIN, if any 15b Ch. 3 status code 12d Withholding agent's name 15d intermediary or flow-through entity's EIN, if any 15b Ch. 3 status code 15c Ch. 4 status code 12d Withholding agent's Global Intermediary identification Number (GIIN) 15e Intermediary or flow-through entity's CIN. 15c Ch. 4 status code 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) 15l 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 Ch. 3 status code 16c Ch. 3 status code 16d Ch. 3 status code <td></td> <td>3b Tax rate</td> <td></td> <td>4b Ta</td> <td colspan="2">4b Tax rate</td> <td>13f Ch. 3 status code</td> <td></td> <td colspan="3">13g Ch. 4 status c</td> <td></td>		3b Tax rate		4b Ta	4b Tax rate		13f Ch. 3 status code		13g Ch. 4 status c				
6 Net Income 7b Check If tax not deposited with procedure 1 7a Federal tax withheld by other agents 13k Recipient's account number 13l Recipient's date of the server procedure 9 Tax paid by withholding agent 14a Primary Withholding Agent's Name (if applicable) 13l Recipient's date of the server procedure 10 Total withholding credit 14a Primary Withholding Agent's Name (if applicable) 14b Primary Withholding Agent's Name (if applicable) 11 Amount repaid to recipient 14b Primary Withholding Agent's EIN 15c Ch. 4 status code 15e intermediary or flow-through entity's EIN, if any if 5b Ch. 3 status code 15c Ch. 4 status code 15d intermediary or flow-through entity's EIN, if any if 5b Ch. 3 status code 15c Ch. 4 status code 15d intermediary or flow-through entity's EIN, if any if 5b Ch. 3 status code 15c Ch. 4 status code 15d intermediary or flow-through entity's EIN, if any if 5b Ch. 3 status code 15c Ch. 4 status code 15d intermediary or flow-through entity's EIN, if any if 5b Ch. 3 status code 15c Ch. 4 status code 15c Ch code 15c Ch code 15c Ch code 15c Ch code	5 Withholding allowance	122	Regular (-		3	13h Recipient's GIIN				dentification	13 LOB code	
78< Federal tax withheid	6 Net Income	22				1			unibar, if any				
0 10 Total withholding agent 14a Primary Withholding Agent's Name (if applicable) 10 Total withholding credit 14b Primary Withholding Agent's Name (if applicable) 11 Amount repaid to recipient 14b Primary Withholding Agent's Name (if applicable) 12a Withholding agent's Name 12b Ch. 3 status code 12c Ch. 4 status code 16a Intermediary or flow-through entity's EIN, if any 15b Ch. 3 status code 15c Ch. 4 status 12d Withholding agent's name 15d Intermediary or flow-through entity's CIN, if any 15b Ch. 3 status code 15c Ch. 4 status 12d Withholding agent's Global Intermediary Identification Number (GIN) 15e Intermediary or flow-through entity's GIN 15f Country code 15g Foreign tax Identification number, if any 12f Country code 12g Foreign taxpayer Identification number, if any 15h Address (number and street) 15l City or town, state or province, country, ZiP or foreign postal code 12l City or town, state or province, country, ZiP or foreign postal code 16b Payer's TIN 16b Payer's TIN 13a Recipient's name 13b Recipient's country code 16c Payer's GIN 16d Ch. 3 status code 13c Address (number and street) 16c Ch. 4 status code code <t< td=""><td>7a Federal tax withheld</td><td></td><td>FIS pursu</td><td>ant to as</td><td>crow procedure</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></t<>	7a Federal tax withheld		FIS pursu	ant to as	crow procedure								
10 Total withholding credit 14a Primary Withholding Agent's Name (if applicable) 11 Amount repaid to recipient 14b Primary Withholding Agent's Name (if applicable) 12a Withholding agent's EIN 12b Ch. 3 status code 12c Ch. 4 status code 15a intermediary or flow-through entity's EIN, if any 15b Ch. 3 status code 15c Ch. 4 status 12d Withholding agent's name 15d Intermediary or flow-through entity's EIN, if any 15b Ch. 3 status code 15c Ch. 4 status 12d Withholding agent's Global Intermediary Identification Number (GIIN) 15e Intermediary or flow-through entity's GIN 15r Ch. 4 status 12e Withholding agent's Global Intermediary Identification Number (GIIN) 15e Intermediary or flow-through entity's GIN 15r Ch. 4 status 12r Country code 12g Foreign taxpayer Identification number, If any 15h Address (number and street) 15h Address (number and street) 12h Address (number and street) 15l 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 16e Ch. 4 status 13c Address (number and street) 16c Payer's GIIN 16d Ch. 3 status 16e Ch. 4 status code	8 Tax withheld by other	agents					13k Recipient's accou	int numbe	ər	- S	13I Recip	ent's date of birth	
11 Amount repaid to recipient 14b Primary Withholding Agent's EIN 12a Withholding agent's EIN 12b Ch. 3 status code 12c Ch. 4 status code 15a intermediary or flow-through entity's EIN, if any 15b Ch. 3 status code 15c Ch. 4 status 12d Withholding agent's name 15d intermediary or flow-through entity's EIN, if any 15b Ch. 3 status code 15c Ch. 4 status 12e Withholding agent's Global Intermediary Identification Number (GIIN) 15e Intermediary or flow-through entity's GIN 15f Country code 15g Foreign tax identification number, if any 12f Country code 12g Foreign taxpayer Identification number, if any 15h Address (number and street) 15h City or town, state or province, country, ZIP or foreign postal code 12l 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 13c Address (number and street) 16c Payer's GIIN 16d Ch. 3 status 16e Ch. 4 st	9 Tax paid by withholdin	ng agent					L						
12a Withholding agent's EIN 12b Ch. 3 status code 12c Ch. 4 status code 15a Intermediary or flow-through entity's EIN, if any 15b Ch. 3 status code 15c Ch. 4 status code 12d Withholding agent's name 15d Intermediary or flow-through entity's EIN, if any 15b Ch. 3 status code 15c Ch. 4 status code 12d Withholding agent's name 15d Intermediary or flow-through entity's EIN, if any 15b Ch. 3 status code 15c Ch. 4 status code 12d Withholding agent's Global Intermediary Identification Number (GIIN) 15e Intermediary or flow-through entity's EIN, if any 15b Ch. 3 status code 15c Ch. 4 status code 12f Country code 12g Foreign taxpayer Identification number, if any 15h Address (number and street) 15h Address (number and street) 15h City or town, state or province, country, ZIP or foreign postal code 12a Recipient's name 13b Recipient's country 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 13c Address (number and street) 16c Payer's GIIN 16d Ch. 3 status code 16e Ch. 4 st code	10 Total withholding cre	dit					14a Primary Withholding	Agent's f	Vame (If appl	licable)			
12d Withholding agent's name 15d intermediary or flow-through entity's name 12e Withholding agent's Global Intermediary identification Number (GIN) 15e intermediary or flow-through entity's GIN 12e Withholding agent's Global Intermediary identification Number (GIN) 15e intermediary or flow-through entity's GIN 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) 15h 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 GIN 16d Ch. 3 status 16e Ch. 4 st code 13c Address (number and street) 16c Payer's GIN 16d Ch. 3 status 16e Ch. 4 st code	11 Amount repaid to rec	spient					14b Primary Withholding Agent's EIN						
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) 15k Address (number and street) 15k 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. 4 st code 13c Address (number and street) 16c Payer's GIIN 16d Ch. 4 st code	12a Withholding agent's EN 12b		12b Ch. 3 status	h. 3 status code 12c Ch. 4 statu		code	15a Internediary or flow-through entity's EIN, if any				15b Ch. 3 status code 15c Ch. 4 status code		
15f Country code 15g Foreign tax identification number, if any 12f Country code 12g Foreign taxpayer identification number, if any 12h Address (number and street) 15h Address (number and street) 12h 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 13a Recipient's name 13b Recipient's country code 13c Address (number and street) 16c Payer's GliN	12d Withholding agent's	name					15d Intermediary or flow	-through e	entity's name	1		122	
12f Country code 12g Foreign taxpayer identification number, if any 15h Address (number and street) 12h Address (number and street) 15h Address (number and street) 12i City or town, state or province, country, ZiP or foreign postal code 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 16i Payer's name 13a Recipient's name 13b Recipient's country code 13c Address (number and street) 16c Payer's GliN 13c Address (number and street) 16c Ch, 4 st code	12e Withholding agent's	Global Intermedi	iary identificat	tion Nur	mber (GIIN)		15e Intermediary or flow	w-through	entity's Gil	N			
12h Address (number and street) 15h Address (number and street) 12h 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 13a Recipient's name 13b Recipient's country code 13c Address (number and street) 16c Payer's GliN							15f Country code	15g F	oreign tax I	dentificatio	n number,	t any	
12h 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 16i Payer's name 13a Recipient's name 13b Recipient's country code 13a Recipient's name 16c Payer's GliN 13c Address (number and street) 16c Payer's GliN	121 Country code	Country code 12g Foreign taxpayer identification number, if any					I						
151 City or town, state or province, country, ZiP or foreign postal code 151 City or town, state or province, country, ZiP or foreign postal code 121 City or town, state or province, country, ZiP or foreign postal code 162 Payer's name 13a Recipient's name 13b Recipient's country code 13a Recipient's name 16c Payer's GlIN. 13c Address (number and street) 16c Ch. 4 st code							15h Address (number	and stree	ət)				
121 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 GlIN. 16d Ch. 3 status 16e Ch. 4 st code 13c Address (number and street) 16c Payer's GlIN. 16d Ch. 3 status 16e Ch. 4 st code	12h Address (number a	nd street)											
16a Payer's name 16b Payer's TIN 13a Recipient's name 13b Recipient's country code 13c Address (number and street) 16c Payer's GIIN							151 City or town, state	e or provi	nce, countr	y, ZIP or to	reign posta	i code	
13a Recipient's name 13b Recipient's country code 13c Address (number and street) 16c Payer's GIIN	121 City or town, state o	r province, countr	ry, ZIP or fore	ign pos	tal code								
16C Payer's GliN 16d Ch. 3 status Code Code Code Code Code Code Code Code							16a Payer's name			le l	16b Pay	er's TIN	
13c Address (number and street) code code	13a Recipient's name		13b Re	cipient'	's country coo	te	1						
13c Address (number and street)							16c Payer's GIIN					16e Ch. 4 status	
13d City or town, state or province, country, ZIP or foreign postal code 17a State Income tax withheid 17b Payer's state tax no. 17c Name of st	13c Address (number and	streetj	+			-	20			code		code	
13d City or town, state or province, country, ZIP or foreign postal code 17a State income tax withheid 17b Payer's state tax no. 17c Name of st													
	13d City or town, state or province, country, ZIP or foreign postal code					17a State Income tax withheid 17b Payer's state tax no. 17c Name					c Name of state		



Form 8843 Statement for Non-Resident Aliens

- Must be filed by <u>all</u> 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 <u>any</u> 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 <u>may</u> 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 <u>married filing jointly</u> as your filing status although your federal status may have been <u>married filing separately</u>
 - 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

<u>www.IRS.gov</u> (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?

