

U.S. Income Tax Requirements and Resources

The University of Texas
at Dallas

International Student Services

Spring 2009

While in the U.S., international students and scholars must comply with U.S. tax requirements. The following is an overview of the U.S. income tax system and its impact on UT Dallas international students and staff. This information is not intended as professional tax advice and the information is subject to change without notice.

How does the U.S. income tax system work?

The U.S. income tax system is made up of several categories, including federal (resident and non-resident), state and Social Security taxes. While working or studying in the U.S., individuals are required to file an annual tax report and pay the U.S. government a percentage of all U.S. income, the federal income tax. The tax amount depends on residency status, marital status, income and the number of allowable deductions. Texas does not have a state income tax, so UT Dallas students and staff file only federal tax reports (unless they also worked in another state requiring a state income tax).

The agency responsible for collecting federal taxes is the Internal Revenue Service (IRS). For most individuals the annual tax report, referred to as a tax return, is due every April 15th. It is a reconciliation document for the previous calendar year, comparing the tax amount due to the wages withheld by the individual's employer. If an individual pays more tax than required, the U.S. government refunds the amount overpaid. If the individual pays less tax than required, he or she must pay the remaining balance at the time of filing the annual return.



The International Student Services Office is located on the lower level of the McDermott Library.

ISSO Office Hours
M-TH 9:00-6:30
F 9:00-5:00

Interim Sessions
M-TH 9:00-6:00
F 9:00-5:00

972-883-4189
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U.S. tax laws can be very complicated. Because of that complexity and the importance of filing accurate tax returns, ISSO staff are not able to assist students with tax forms, other than supplying general information and resources.

What do I need to do?

You will need to determine which IRS form matches your situation, complete it and mail it to the appropriate address before the deadline. If you will be filing a return on your own, the ISSO highly recommends using an interactive tax website designed specifically for international students and scholars, offered by The University of Texas at Austin:

www.utexas.edu/international/taxes

This is an excellent website, recommended

IMPORTANT DATES

April 15

Deadline for tax returns

June 15

Deadline when filing only

Form 8843



IMPORTANT URLS

Interactive Tax Help

www.utexas.edu/international/taxes

IRS Forms, Information and

Free Assistance

www.irs.gov

UT Dallas ISSO Tax Resources

www.utdallas.edu/student/international/current/tax_information.html

by many universities throughout the country. It will walk you through finding the correct tax form and provides line-by-line instructions and samples of completed forms.

You may prefer to seek help from a professional tax preparer. Whether you select a tax accountant, certified public accountant or a tax preparation service, be sure that the person you choose to work with is familiar with non-resident tax laws.



TERMS

W-2: Annual statement of wages earned/tax withheld; provided by employer each January

1042-S: Annual statement regarding scholarship and assistantship income to foreign students; provided by UT Dallas by March 15

Form 8843: Form to substantiate alien status, reducing number of income sources considered for taxes

1040NR: Full-length version of income tax form for non-residents; varied income sources and deductions

1040NR-EZ: Short version of income tax form for non-residents; few income sources and standard deductions only

Substantial Presence Test: Formula to establish residency status for tax purposes based on time spent in the US

Form 1040: Full-length version of income tax form for residents; most options for income sources and deductions

Form 1040A: Mid-length version of income tax form for residents; some options for income sources and deductions

Form 1040EZ: Short version of income tax form for residents; one income source and standard deductions only

Form 843: Form to claim refund for Social Security taxes withheld in error

What forms do I use?

Consult the UT-Austin tax website or a tax professional to determine your category. Each IRS form has an accompanying instruction booklet and instructions are available on the UT-Austin website:

- Non-resident /no income for 2007- File Form 8843 only
- Non-resident /with income for 2007- File 8843 AND Form 1040NR or 1040NR-EZ
- Resident for tax purposes/with income for 2007- File Form 1040, 1040A or 1040EZ
- Supplemental forms may also be needed for the Forms 1040, 1040A and 1040NR

What documents do I need?

Form 8843: Passport, I-94 and school information provided by ISSO at www.utdallas.edu/student/international/current/tax_information

Forms 1040NR or 1040NR-EZ (NR means "non-resident"): Same documents as above plus income documents (W-2, 1042-S, etc)

Forms 1040, 1040A or 1040EZ (if resident for tax purposes): Income documents, such as W-2 and 1042-S. If you owe tax or expect a refund you may also need your checkbook. Supplemental forms for deductions may be needed. Consult the UT Austin website or the form's instruction booklet for more information.

Form 1042-S: Annual statement regarding scholarship and assistantship income to foreign students; provided by UT Dallas by March 15.

What about Social Security taxes?

Non-residents are not required to pay Social Security/Medicare taxes as these are retirement funds. If wages were wrongly withheld, you can claim a refund by filing Form 843. **This form must be filed separately. Do not include it with your tax return.** For more information about this exemption, see IRS Publication 519, Section 8. The publication can be downloaded for free at www.irs.gov.

How do I mail the forms?

1. **Assemble** the return according to the instructions on the tax form.
2. **Make a copy for your files!** You should keep copies of all the tax documents submitted and substantiating records for at least 3 years in case of audit.
3. **Mail** the documents. The mailing address for all non-resident alien tax forms is: Internal Revenue Service, Austin, TX 73301-0215.



What happens then?

1. If you filed a Form 8843 only or filed one of the Forms 1040/1040NR with taxes due and you included the correct payment, you will not receive any correspondence.
2. If you filed one of the Forms 1040/1040NR with taxes due and you included an incorrect payment, you will receive notification of the error. If you underpaid, you may be charged a financial penalty in addition to the remaining balance due.
3. If you filed a Form 1040/1040NR showing that you overpaid taxes in the previous calendar year, you will be sent a refund of the overpayment.