



The International Scholars Office presents...

**Tax Information Session for
International Faculty, Postdocs &
Visitors**

February 26, 2014

Note: this workshop will not address enrolled students' questions



For International Students

Glacier Tax Preparation software (for non-residents for tax purposes) is accessible through the International Students Office web site:

<http://web.mit.edu/iso/>

If you are a student, please use this web portal to access the software specifically designed for students.



Thomson Reuters Foreign National Tax Resource

<https://web.mit.edu/scholars/mitonly/windstarlinks.html>

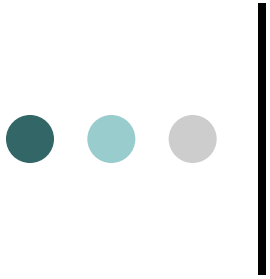
Tax-related web site containing detailed information about Federal taxes, State taxes, residency for tax purposes, tax treaties, frequently asked questions, and much more.

EXCELLENT RESOURCE!!

Who are “Scholars?”

- Postdoctoral Associates and Fellows
- Lecturers
- Visiting Scientists, Scholars, and Engineers
- Visiting Professors
- Others who have graduated and are now working at MIT

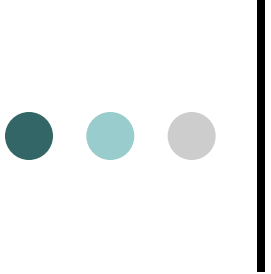
J-1, H-1, F-1 on Practical Training,
TN, O-1, B-1, etc.



ISchO Tax Website

<http://web.mit.edu/scholars/intlscholars/taxes/index.html>

“Filing a tax return” = Complete and submit the
tax form



Do I still have to file a tax return??

- I received no funding from a U.S. source in 2013. Yes
- I have already left MIT and I'm back in my home country now. Yes
- I don't have to pay any tax in the U.S. because there is a tax treaty between the U.S. and my home country. Yes



What year are we filing tax forms for now?

January 1, 2013 - December 31, 2013



Types of Taxes (Withholdings)

- Federal U.S. Government income tax
- Commonwealth of Massachusetts (or other state)
- FICA (Social Security and Medicare)

If you receive a paycheck in the U.S., these types of taxes are likely taken out each week/month. This is called “withholding.”



Your Residency Status for U.S. Government Income Tax Purposes

- Non-resident Alien
- Resident Alien
- Dual Status Alien (non resident part of the year and resident the other part)

Determined based on your visa status and how long you have been in the U.S.

*e.g. J-1 Scholars are non-resident aliens for two calendar years.**

*F-1 Students are non-resident aliens for five calendar years.**

** Unless you have a previous U.S. visa history.*



H-1Bs and TNs

In the U.S. more than 183 days in 2013, you are probably a Resident for tax purposes.

In the U.S. less than 183 days in 2013 and not a Resident for tax purposes in 2012 or 2011, you are probably a Non-resident for tax purposes.

*You should also consult IRS Publication 519 or use the physical presence test in the Thomson Reuters tax preparation software.



Tax Form Preparation - *Residents* for Tax Purposes

Most H-1B visa holders

J-1s here over 2 calendar years (not 2 years from when you entered)

F-1 here over 5 calendar years

Green card holders (U.S. Permanent Residents)

Some TNs

What kinds of tax preparation tools are available to “Residents” for tax purposes?

Turbotax: www.turbotax.com

Complete Tax: www.completetax.com

H&R Block: www.hrblock.com

TaxSlayer: www.taxslayer.com

TaxACT: www.taxact.com

Taxbrain: www.taxbrain.com



Family Issues

- Generally, non-resident aliens can't claim their family members as dependents.

Exceptions MAY apply those who are:

- Resident of Canada or Mexico.
- Resident of South Korea, but only if spouse or dependents lived with you in the U.S. at some time during the year.
- Residents of India who are students.
- Any dependents that the non-resident alien can claim must have either **Social Security Number (SSN)** or **Individual Taxpayer Identification Number (ITIN)**.



Filing Status & Marital Status

- Unmarried Non-resident - Single filing status
- Non-resident aliens who are married to other non-resident aliens cannot file a joint tax return.

(If your non-resident spouse earns income in the U.S., your spouse must file a separate tax return.)

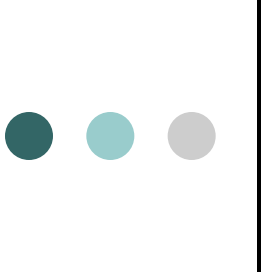


Tax Filing Deadlines for Federal and State Taxes

If you received U.S.-source income (even if you are covered by a tax treaty), you must file Form 1040NR and Form 8843.

Deadline to mail federal tax form = **April 15, 2014**

If you are required to send a MA state tax form, deadline = **April 15, 2014.**



Tax Filing Deadlines for Federal and State Taxes

If you received NO U.S.-source income and you are an F or J visa holder who is still a non-resident for tax purposes:

You must file Form 8843 by **June 16, 2014.**

If you are not required to file a state tax return, as described in the instructions, do not file.



Form 8843 for Nonresidents

“Teacher” or “Trainee”

These terms are defined in IRS Publication 519, which you can see at www.irs.gov.

If you are a J-1 visitor sponsored by the MIT International Scholars Office, you are considered to be a “teacher or trainee.”

J-1 Research Scholar, Professor, Short-Term Scholar

Statement for Exempt Individuals and Individuals With a Medical Condition

OMB No. 1545-0074

2012

Information about Form 8843 and its instructions is at www.irs.gov/form8843.

For the year January 1—December 31, 2012, or other tax year beginning _____, 2012, and ending _____, 20_____.

Attachment Sequence No. **102**

Department of the Treasury Internal Revenue Service

Fill in your addresses only if you are filing this form by itself and not with your tax return

Address in country of residence

Address in the United States

Part I General Information

- 1a Type of U.S. visa (for example, F, J, M, Q, etc.) and date you entered the United States
b Current nonimmigrant status and date of change (see instructions)
2 Of what country were you a citizen during the tax year?
3a What country issued you a passport?
b Enter your passport number
4a Enter the actual number of days you were present in the United States during: 2012, 2011, 2010
b Enter the number of days in 2012 you claim you can exclude for purposes of the substantial presence test

Part II Teachers and Trainees

- 5 For teachers, enter the name, address, and telephone number of the academic institution where you taught in 2012
6 For trainees, enter the name, address, and telephone number of the director of the academic or other specialized program you participated in during 2012
7 Enter the type of U.S. visa (J or Q) you held during: 2006, 2007, 2008, 2009, 2010, 2011
8 Were you present in the United States as a teacher, trainee, or student for any part of 2 of the 6 prior calendar years (2006 through 2011)?

Part III Students

- 9 Enter the name, address, and telephone number of the academic institution you attended during 2012
10 Enter the name, address, and telephone number of the director of the academic or other specialized program you participated in during 2012
11 Enter the type of U.S. visa (F, J, M, or Q) you held during: 2006, 2007, 2008, 2009, 2010, 2011
12 Were you present in the United States as a teacher, trainee, or student for any part of more than 5 calendar years?
13 During 2012, did you apply for, or take other affirmative steps to apply for, lawful permanent resident status in the United States or have an application pending to change your status to that of a lawful permanent resident of the United States?
14 If you checked the "Yes" box on line 13, explain

Part IV Professional Athletes

- 15 Enter the name of the charitable sports event(s) in the United States in which you competed during 2012 and the dates of competition
16 Enter the name(s) and employer identification number(s) of the charitable organization(s) that benefited from the sports event(s)

Note. You must attach a statement to verify that all of the net proceeds of the sports event(s) were contributed to the charitable organization(s) listed on line 16.

Part V Individuals With a Medical Condition or Medical Problem

- 17a Describe the medical condition or medical problem that prevented you from leaving the United States
b Enter the date you intended to leave the United States prior to the onset of the medical condition or medical problem described on line 17a
c Enter the date you actually left the United States
18 Physician's Statement:

I certify that _____ Name of taxpayer

was unable to leave the United States on the date shown on line 17b because of the medical condition or medical problem described on line 17a and there was no indication that his or her condition or problem was preexisting.

Name of physician or other medical official

Physician's or other medical official's address and telephone number

Physician's or other medical official's signature Date

Sign here only if you are filing this form by itself and not with your tax return

Under penalties of perjury, I declare that I have examined this form and the accompanying attachments, and, to the best of my knowledge and belief, they are true, correct, and complete.

Your signature Date



Social Security Number or ITIN

- Anyone with U.S.-source income or who has to file Form 1040 or 1040NR must have a taxpayer ID number in the form of a SSN or ITIN.
- Anyone without U.S.-source income or who will only file Form 8843 does not need an ITIN or SSN to submit Form 8843.
- If you are eligible for SSN, do not apply for ITIN.
- J-2 spouse who has work permission should apply for SSN.
- If you are from one of those countries that allows you to claim a dependent and your dependent does not currently have a SSN or is not eligible for a SSN, your dependent can apply for ITIN.



Filing W-7 with Your Tax Return

If you enclose Form W-7, requesting ITINs for family members, with your tax return (Form 1040NR or 1040NR-EZ), you must also attach your dependents' **passport** or **certified copies from the issuing agency of a passport**

* Certified copies include the picture/biographical page and the U.S. visa page from your passport.

* Notarized copies and apostille documents are **NOT** acceptable documents for W-7 purposes.



Filing W-7 with Your Tax Return

If you enclose Form W-7, requesting ITINs for family members, with your tax return, you must mail your complete tax return to:

Internal Revenue Service
ITIN Operations
P.O. Box 149342
Austin, TX 78714-9342

Please read the W-7 filing instruction to make sure you send everything you need to request an ITIN.



Mailing Address

(If you're not enclosing Form W-7)

You must sign the forms before mailing!!!

Forms 1040NR, 1040NR-EZ, or 8843 must be mailed to:

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

* Be sure to use a **separate envelope** for each family member who is filing Form 8843.



If you are signing the form for your minor child...

- Form W-7: If the applicant is a dependent under 18 years of age, his/her parent can sign if the child cannot. The parent must type or print his/her name in the space provided and indicate his/her relationship to the applicant.
- Form 8843: You may sign the bottom of the form, and write that you are signing on behalf of your minor child.



**KEEP COPIES OF
EVERYTHING YOU SEND
for your own records.**



Massachusetts State Tax Form

- If you have no U.S. income, you have no MA income. You do not need to file a MA tax form.
- In order to file a State tax return, you must know whether you are resident or non-resident/part-year resident.
- If you lived in MA for 183 days or more during 2013, and you had a residence here, you are a MA resident.

Thomson Reuter tax preparation software also prepares MA State tax forms for non-resident aliens.



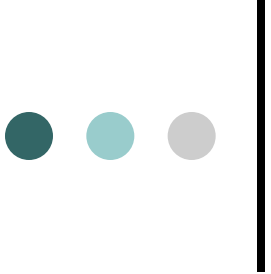
Form 1099-HC

- If you have a health plan in the U.S., you should have received Form 1099-HC from your health plan provider.

e.g. MIT scholars who are enrolled in the MIT health plan get Form 1099-HC from Blue Cross Blue Shield.

- This is proof that you had health insurance coverage and will be used to complete the Schedule HC form on a MA state tax return.

If you do not need to file a state tax return, you should just save this form with your other tax records.



Types of Documents You May Receive from the Payroll Office

- **W-2**: Salary and wage payments to employees and students excluding wages that are exempt under a tax treaty.
- **1042s**: Salary and wage payments to employee and student foreign nationals covered by a tax treaty. OR, Fellowship payments to employee and student foreign nationals which had federal income tax withheld.



Postdoctoral Associate

(non-resident for tax purposes)

- You may be eligible for a federal and state tax exemption if your home country has a tax treaty with the U.S.
- PDAs with a tax treaty will receive tax form **1042S** from MIT, and if your payments exceed the tax treaty exemption limit, you will also receive a **W-2** for the excess amount.
- PDAs without a tax treaty will receive a **W-2** form.



Postdoctoral Fellows

(non-resident for tax purposes)

- Federal income tax is withheld from post-doctoral fellowship stipends at a flat rate (14% for F-1 or J-1 visa)
- Foreign-source fellowships are not subject to U.S. taxes. MIT will not withhold any taxes from foreign-sourced stipends.
- Your stipend is not subject to Social Security or Medicare.
- You will receive tax form **1042S** from MIT.
- You may be eligible for a federal tax exemption if your home country has a tax treaty with the U.S.
- State tax is not withheld, and it is your responsibility to determine your state income tax liability.

By MIT Payroll Office

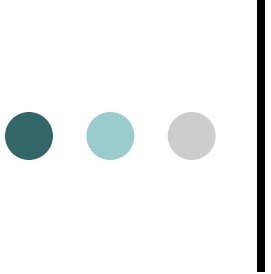


Postdoctoral Fellows

NOTE: If you become a resident for tax purposes, you may owe U.S. taxes on your world-wide income. You would need to report your stipend income to the IRS, as MIT does not report foreign-sourced fellowship stipend income to the IRS.

Great resources about Postdoctoral Fellows and Associates are available on the MIT **VP for Finance** website. Please go to:

<http://vpf.mit.edu/site/payroll/resources#7876>



How to Receive Form W-2 or 1042S

- Your Form W-2 can be obtained electronically.

<https://atlas.mit.edu/atlas/Home.action#>

- The Payroll Office will mail Form 1042S by the end of February.

You must wait until you have all the necessary documents in order to file your tax return.

For any questions, contact MIT Payroll Office

payroll@mit.edu

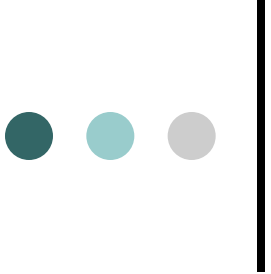
617-253-4255



Change in Residency Status

- Make sure to notify the MIT Payroll Office of your change in residency status
(Non-resident Alien to Resident Alien).
- Once you change to Resident Alien status, you are no longer exempt from Social Security and Medicare withholding. You must notify the Payroll Office.

NOTE: If you do not notify the Payroll Office, they will begin withholding when they think you changed to a Resident Alien.



Sample Case (F-1 to H-1B in 2013)

Akira Saito entered the U.S. on September 1, 2009 as an F-1 Student and changed status to H-1B on September 1, 2013. While in H-1B status, Akira received \$42,000/yr in wages for research in 2013. He did not receive any income as an F-1 Student. For the Federal tax return, Akira is a non-resident alien for 2013, which was his 5th calendar year as an F-1 Student. Although his days in H-1B status count, they do not equal 183 days. Akira must submit a Form 1040NR-EZ with a Form 8843.



Sample Case

Robert Braun is present in the U.S. on a J-1 visa under the Professor category with his wife and 2-year-old daughter, who are in J-2 visa status. Robert is the only person in the family who received U.S.-source income during 2013. Therefore, Robert will file an income tax return (Form 1040NR/1040NR-EZ) with Form 8843 attached. His J-2 spouse will file Form 8843 and mail it in a separate envelope. His daughter must also file Form 8843 in a separate envelope, regardless of her age; a parent will sign the form on her behalf.



Sample Case

Young Ho Park is in the U.S. on a J-1 visa under the Research Scholar category with his wife, who is in J-2 visa status. Yong Ho received U.S.-source income during 2013, therefore, he will file an income tax return (Form 1040NR/1040NR-EZ) with Form 8843 attached. Young Ho can claim his dependent on his tax return because he is from South Korea and they lived together during the year 2013. However, the J-2 spouse does not have a SSN or ITIN number, which is required to be claimed as a dependent on Form 1040NR, so he will also submit Form W-7 to request ITIN for his J-2 spouse. All the forms should be submitted to IRS, ITIN Operation Service in one package.



The Affordable Care Act (ACA)

- This is the national health care law that started in 2014.
- Under the new law, each individual is required to have health insurance that has “essential coverage” to meet the individual mandate.
- J-1 Exchange Visitors in the U.S. in non-student categories (incl. Research Scholar/Professor, Short-term Scholar) are exempt from the mandate to buy ACA qualifying coverage (or “essential coverage”) for their first 2 years in the U.S. as non-resident aliens for tax purposes.



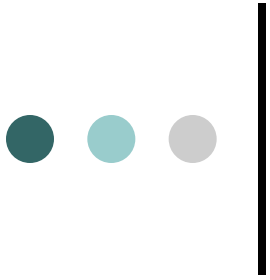
ACA continued.....

- If J-1 Exchange Visitor becomes a “resident alien” for tax purposes, he/she must be covered by the insurance that meets the “essential coverage” or else pay a penalty on his/her tax return.
- MIT Health Plans meet the ACA as well as the DOS/J-1 requirements.
- Foreign health care coverage does NOT meet the requirement of “minimum essential coverage”.
- The penalty will be increased each year.

2014: 1% of your yearly income or \$95 per person for the year, whichever is higher.

2015: 2% of your yearly income or \$325 per person.

2016: 2.6% of yearly income of \$695 per person



Good luck
with your tax filing!!