

U.S. TAX IDENTIFICATION NUMBERS FOR FOREIGN NATIONALS

<p>SHOULD I GET A U.S. TAX IDENTIFICATION NUMBER?</p>	<p>Yes.</p>
<p>WHY IS THE NUMBER NECESSARY?</p>	<p>The U.S. taxing authorities (IRS) will not accept a tax return that lacks a number and most foreign students and scholars are required to file a return. Your administrative life in the U.S. will be far easier once you've obtained this number. NOTE: There are two types of numbers: social security numbers and ITIN's (Individual Taxpayer Identification Numbers).</p>
<p>SHOULD I OBTAIN A SOCIAL SECURITY NUMBER OR AN ITIN?</p>	<p>You should obtain a social security number if you have a U.S. alien registration card ("green card") OR you have entered the U.S. on a F-1, J-1, H-1 or M-1 visa; otherwise you should obtain an ITIN. NOTE: spouses and dependent children should also obtain an ITIN.</p>
<p>HOW DO I OBTAIN A SOCIAL SECURITY NUMBER?</p>	<p>Apply in person at the Social Security Office, 2785 Alta Mesa St. between 9:00 am and 4:00pm weekdays. You are required to present the original documents described below.</p> <p>F-1 Visa: Passport; Sponsor Letter; I-20; Certificate of Eligibility F-1 Status (white); I-94: Exit Document (white).</p> <p>J-1 Visa: Passport; DS-2019; Certificate of Eligibility J-1 Status (pink); I-94: Exit Document (white).</p> <p>H-1 or M-1 Visa: Passport; I688B: work authorization (plastic); I-94: Exit Document (white).</p>
<p>HOW DO I OBTAIN AN ITIN?</p>	<p>Complete IRS Form W-7. This form can be obtained directly from IRS' Website: http://www.irs.gov. Be sure to read the instructions carefully; IRS requires original or certified copies of documents that substantiate the information on W-7.</p>

TAX INFORMATION FOR FOREIGN NATIONALS

<p>Who should read this?</p>	<p>Foreign nationals should read this, as U.S. tax laws are complicated and it is the individual's responsibility to comply with these laws. Texas Christian University cannot act as a tax adviser but it will provide the following general information, which might be helpful.</p>
<p>Key Terms (tax terms--not immigration terms):</p>	<p>A Resident Alien is a foreign national who either has a green card <u>or</u> meets the "substantial presence test."</p>
	<p>All other foreign nationals are Nonresident Aliens. The "substantial presence test" is described in IRS Pub. 519. Information is also available from the TCU Payroll Dept.</p>
<p>Why do I care if I'm a nonresident alien or a resident alien?</p>	<p>A nonresident alien is taxed on U.S. source income only--not worldwide income. Generally, a nonresident alien is eligible for only one personal exemption and cannot take the standard deduction on his/her tax return. A resident alien is taxed in the same manner as a U.S. citizen.</p>
<p>Do I need a U.S. Tax Identification Number?</p>	<p>YES. Life in the U.S. is very complicated without a tax ID number. If you are on an F-1, H-1, J-1 or M-1 visa, you are eligible for a <i>social security number</i> and should obtain one immediately. Apply at 2785 Alta Mesa St. between 9 and 4 and present your passport and Exit Paper (I-94). In addition, bring your F-1 Sponsor Letter and I-20 Certificate of Eligibility (white), or your J-1 DS-2019 Certificate of Eligibility (pink), or your M-1 or H-1 I688B Work Authorization (plastic). All other foreign nationals (including spouses and children) should obtain an <i>individual taxpayer identification number</i> by filing IRS Form W-7 with original documentation described in the instructions. You can get a W-7 by calling IRS or printing it from IRS' Web Page.</p>
<p>Will I be subject to U.S. social security taxes?</p>	<p><u>Nonresident aliens</u> on F-1, J-1 or M-1 visas are exempt from U.S. social security taxes.</p>
	<p>For <u>other individuals</u>, the exemption depends upon the type of payment and/or student status. Contact the Payroll Office if you need additional information.</p>
<p>Will TCU withhold federal income taxes on my payments?</p>	<p>There are no simple answers. TCU must withhold taxes on all payments to <i>nonresident aliens</i> unless the payment is exempt under the Internal Revenue Code, a tax treaty, or as foreign source income.</p>

	<p><u>Types of Payments</u></p> <p>Wages: TCU withholds federal taxes using graduated rates.</p> <p>Tuition Fellowships: No withholding.</p> <p>Other Fellowship Support (i.e. room, board, stipends, living allowances, travel, prizes, awards, emergency funds, etc.): TCU withholds federal taxes at 14%.</p> <p>Fee/Honorarium/ Royalty: TCU withholds federal income taxes at 30%.</p> <p>Reimbursed Business Expenses for Employees/Short Term Visitors: No withholding.</p>
<p>How do I know if I qualify for treaty exemption?</p>	<p>In order to qualify for treaty exemption, you must be a citizen or a permanent resident (generally a non-citizen who files a resident income tax return) of the "treaty country" and the type of payment must be exempt under that specific treaty. In addition, TCU requires a U.S. federal identification number, evidence of <u>nonresident alien</u> status (i.e. the substantial presence test), evidence of proper work authorization (i.e. visa) and a properly completed IRS "treaty exemption form" (i.e. Form 1001 for fellowships and royalties; Form 8233 for wages, fees, and honoraria). Information on Tax Treaties is available from IRS (Pub.901) or from TCU Payroll Dept. Note: Although TCU only grants treaty exemption to nonresident aliens, some treaties have "tie breaker rules." If a foreign national feels he/she qualifies for treaty exemption in spite of the fact that TCU withheld taxes, the individual can file IRS Form 8833 with his tax return and certify to the facts that merit the "treaty based return position."</p>
<p>What does payroll need from me to apply for treaty benefits?</p>	<p>The payroll office needs copies of your passport, visa, I-94, I-20 or DS-2019, social security card, TCU ID and the Foreign National Questionnaire, which can be obtained in the payroll department. You must have all the above paperwork into payroll before a paycheck will be issued. You may contact the TCU payroll office at X5114.</p>
<p>General Tax Return Information</p>	<p>You must have a Tax ID number to file a return. <i>Do not file your tax return before March 15th</i> since many nonresident aliens receive both a W-2 and 1042S. The 1042S issue date is March 15th. Nonresident Aliens file 1040NR (federal). Note: If you received fellowship support, you must attach a statement to your return describing the support. TCU hosts a tax seminar each spring for foreign nationals.</p>
<p>Should I file a tax return if I receive no U.S. income?</p>	<p>If you are a nonresident alien and have no U.S. source income, IRS now indicates that you are not required to file an income tax return BUT you must file with IRS form 8843 disclosing information about your nonresident alien status. Resident aliens are taxed on their worldwide income and therefore must file a U.S. income tax return if they have income from any sources.</p>

<p>Should I file a tax return if I received U.S. income exempt from taxation under a Treaty?</p>	<p>You should file a federal return.</p>
<p>Should I file a tax return if I received U.S. income but taxes were withheld on this income?</p>	<p>You should file a federal tax return to be sure you comply with tax laws, to be sure you fully pay your actual tax liability, and to be sure you receive any tax refund that is properly yours. Note: The Internal Revenue Code establishes the rate of withholding but the withholding rate does not necessarily correspond with a taxpayer's actual year-end tax liability.</p>
<p>If TCU does not withhold taxes to cover my liability, how should I pay these taxes?</p>	<p>In order to avoid penalties, you should pay these taxes quarterly (April 15th, June 15th, September 15th and January 15th). You can obtain worksheets from the IRS to help you calculate your quarterly payment. IRS also provides tax vouchers that should be remitted with the quarterly payment.</p>
<p>Will TCU report my income to the IRS?</p>	<p>Payments to nonresident aliens are reported to both you and the IRS on Form 1042S and/or W-2 --but not on 1099. The W-2 is issued by January 31st; the 1042S by March 15th. Tax exempt treaty amounts and non-qualified scholarships are reported on 1042S. Wages not covered by a treaty are reported on a W-2. Payments to resident aliens are reported on W-2 or 1099--not on 1042S.</p>
<p>Will TCU report payments to my home country?</p>	<p>TCU does not report payments to the home country but it appears that IRS reports income that is exempt under a treaty to the home country.</p>
<p>Where can I find information about U.S. taxation?</p>	<p><u>Web sites</u> http://www.irs.gov (federal only)</p> <p><u>Toll Free Telephone Numbers</u></p> <p>Federal Tax Issues: 1-800--829-3676 (forms and publications) or 1-800-829-1040 (advice)</p> <p>IRS Publications (available on Web and by Phone): #505 Tax Withholding/Estimated Tax; #508 Educational Expenses; #513 Tax Info. for Visitors to the U.S; #515 Withholding of Tax on Nonresident Aliens; #519 U.S. Tax Guide for Aliens; #520 Scholarships/Fellowships; #597 Canada Tax Treaty; #901 Tax Treaties; #970 Education Tax Credits.</p>

TAX TREATIES-GENERAL INFORMATION FOR FOREIGN NATIONALS

Texas Christian University cannot act as an individual's tax adviser but here is some general information that might be useful.

THE TAX TREATY: If the U.S. has a tax treaty with your home country, your U.S. source income might be exempt from U.S. taxation under a provision in the treaty.

IRS Publication 901 provides summary information on tax treaties. The publication is available on the worldwide web at <http://www.irs.gov> . You can also request a copy directly from the IRS, at 1-800-829-3676.

YOUR US TAX RETURN:

If you claim treaty exemption, you must disclose the specific treaty article on your U.S. tax return (1040NR or 1040NR-EZ). The treaty articles are listed in IRS Publication 901, Table 2 (Compensation for Personal Services Performed in the U.S.).

- Obtain a copy of IRS Publication 901.
- Review the treaty information in the general narrative.
- Determine if the U.S. has a tax treaty with your home country.
- Determine if the treaty exempts the type of income you received.
- Determine if any "restrictions" apply such as payments must be made by foreign entity, etc.
- Obtain the Treaty Article Citation from Table 2—Column 7.
- Include this article number on your 1040NR EZ or your 1040 NR.

FORM 1042S:

TCU issues Form 1042S disclosing income paid to foreign nationals. Under IRS rules the report must be issued by March 15 for income paid in the prior calendar year.

A copy of the 1042S should be attached to your U.S. tax return.

1042S Codes: The income code in column "a" reports the type of payment you received. Income codes are also disclosed in Publication 901, Table 2, Column 2.

The exemption code in column "f" reports the reason for exemption. If there is a "4" in column "f", TCU has treated the income as exempt under a treaty.

NOTE: Each taxpayer is responsible for reviewing his/her tax information to determine its accuracy. TCU generally does not grant treaty exemption to resident aliens. Some treaties provide a "tie breaker rule" for tax residency. If you determine that you qualify for an exemption under a treaty although TCU treated the income as taxable, you can file a tax return with a "treaty based return position." You should review the requirements for taking such a position—particularly the requirements for formal disclosure. IRS provides Form 8833 that can be used to disclose a "treaty based return position."