

# Tax Help and Employment Topics for Nonresident Alien Students

## Short Version

2nd Edition, Updated 10/19/2022

### Commonly Used Words and Phrases

**Nonresident aliens:** not substantially present (see substantial presence test below). Nonresident aliens file nonresident federal tax forms: 8843 and 1040-NR (for income).

**Resident aliens:** substantially present (see substantial presence test below). Resident aliens file resident federal tax forms: 1040. 8843 is not required.

**Calendar year:** Jan 1 to Dec 31

**Tax year:** for individuals is the same as a calendar year

**IRS:** Internal Revenue Service - the agency that receives and processes federal tax forms. For nonresident aliens that form would be 1040-NR (for those reporting income) and 8843.

**ODR:** Oregon Department of Revenue - the agency that processes state forms. For nonresident aliens with income that form would be OR-40-N.

**Tax form due dates:** Tax forms (federal and Oregon state) are normally due on Apr 15 following the tax year. For example, tax forms that report for Jan 1 - Dec, 2022, will be due on Apr 15, 2023. Sometimes the forms may be due on Apr 16, 17, or 18 because of weekends and holidays.

## Tax Related Forms

### IRS 8843

All nonresident aliens

## Federal Residency Status

### Nonresident Alien or Resident Alien?

- When you first arrive in the U.S. on an F or J student visa, your status is nonresident alien (unless you were in the U.S. the current or previous year as a resident alien).
- You are a nonresident alien for the first five calendar years you are present in the U.S. on your F or J student visa.
- Any days present during your first five calendar years as an F or J visa student do not count when doing the substantial presence test.
- If you arrive on December 30 or earlier, the year you arrive is your first calendar year.
- If you arrive on December 31, the following year is your first calendar year.

- After being in the U.S. on an F or J student visa for five calendar years, if you are present in the U.S. the sixth or following calendar years for 183 days or more, your status is resident alien for that calendar year.
- If your visa changes (for example to H1B)
  - on July 1 or earlier, your status will change for that calendar year to resident alien
  - on July 2 or later, your status will change to resident alien the following calendar year if you remain in the U.S.
    - If you leave the U.S. that following year, you will need to use the substantial presence test to determine if your status is resident alien or nonresident alien.

If your status changes to resident alien, you remain in that status until you are absent from the U.S. for one calendar year (Jan 1 - Dec 31).

### **Substantial Presence Test**

- This test determines if you are a resident alien or nonresident alien.
- The test applies to a whole year and also includes days present during the two previous years.
- For F or J student visas, any days present in the U.S., for the first five calendar years on your F or J visa, are not counted when doing the substantial presence test.
- If you were present in the U.S. the previous calendar year as a resident alien, you do not need to take the test. You will remain a resident alien until you are absent for one calendar year.

### **Applying the test**

- If you will be present in the U.S. during the current calendar year for **30 days or less** and you were a nonresident alien the previous year, your status for the current year remains nonresident alien.
- If you will be present during the current calendar year for 31 days or more:
  - Count all the days you will be present during the current calendar year
  - Count 1/3 of all the days you were present the first year before the current calendar year
  - Count 1/6 of all the days you were present the second year before the current calendar year
- If the total is 183 or more, your status for the current year is resident alien.

If you will be in the U.S.

Each year you are If you are present on an F or J student

**Important tax documents that will be mailed to you in**

## January.

For each year you work, the following January your employer will mail you important tax documents. It is important that employers have your correct mailing address. Notify all your employers for the year if you move. (It is also important that the IRS and State of Oregon be notified of your change of address if you have already filed a tax return for the previous year.)

If you had income that was not exempt by tax treaty, you will receive a W-2. If you gave your employer IRS Form 8233 or otherwise told your employer that your country has a tax treaty with the US, you should also receive a 1042S which is similar to a W-2. These documents are necessary for completing the tax returns that are due in April.

In addition, you should save your check stub (payment information) for each pay check received. **Especially important:** you should save the last check stub of the year for each employer. These are very helpful when it is time to complete your tax returns in April. It is also an official record of what your employer has paid you and what was withheld.

## Income Taxes

If you work in the United States, you will pay federal and state income taxes. Usually, each paycheck will have some federal and state taxes withheld. Think of this as a “prepayment” towards the total tax due. Each spring you will complete a federal and state income tax return for the previous calendar year where you report your total income and calculate whether if your prepayment was too much (and you will receive a refund) or if your prepayment was too little (and you will have to pay an additional amount). Each year, FOCUS conducts [Tax Help Sessions](#) where FOCUS volunteers will help you to complete your Federal and Oregon Tax Forms.

## The following information relates to taxes on your employment income earned in the United States.

### Nonresident Aliens Do Not Have To Pay Social Security and Medicare Taxes

If you are a nonresident alien, you should not have Social Security or Medicare Taxes withheld from your paycheck. If you are a nonresident alien, **make sure your employer knows this and that you are exempt from having Social Security and Medicare taxes withheld from your paycheck.**

In addition, students, regardless of their residency status, who are working on campus and are primarily students (that is, not school employees who are also taking some classes) are not subject to Social Security and Medicare Taxes. See “[Students and Exchange Visitors](#)” in Pub 518, Chapter 8 for additional information related to the exemption from Social Security and Medicare Taxes.

## Portland State University's Form CO-NRA

**IMPORTANT:** PSU requires international students and scholars employed by the school to complete PSU's CO-NRA form each year. This must be completed at the beginning of each

year to avoid unnecessary withholding of Social Security and Medicare Taxes. Speak to PSU's HR department if you have additional questions. See PSU's Tax Forms Page for [a link to the CO-NRA Form](#).

## **IRS Form W-4**

For each employer, you must complete a Form W-4 (provided by your employer). The W-4 helps your employer to know how much federal and state taxes to withhold from your paycheck. Make sure you write "nonresident alien" on Line 6. See <http://isstax.elpidzo.com/nrataxisissues.html> for other important information.

## **Treaty Benefits and IRS Form 8233**

Some countries have treaties with the United States that exempts a portion of income from taxes. If you find that you are eligible, you can complete [IRS Form 8223](#) (see [instructions](#)) and give to your employer. This will adjust the amount of taxes that are withheld from your paycheck. Make sure you receive a copy signed by your employer.

You can check [IRS Publication 519, Appendixes A & B](#) to see if you are eligible for that benefit. You can also check [PSU's Treaty Benefits Information](#) page. If you find that you are eligible, you can print a PDF of the statement that is required as an attachment to IRS Form 8233.

Shortened URL for this document: <http://goo.gl/W3ZeHQ>

This is a summary version of [a more complete overview](#). If you have questions after reading this document, see the more complete overview. For help completing your forms, see <http://isstax.elpidzo.com>. See also the IRS web page: <http://www.irs.gov/Individuals/International-Taxpayers/Foreign-Students-and-Scholars>