International Students & U.S. Tax

Understanding Taxable Income from Scholarships and Employment in the United States
Welcome to Mercer University!

You are encouraged to read this booklet to help you determine if you will be responsible for tax payments to the Internal Revenue Service (IRS) for jobs or scholarships you may have at colleges and universities in the United States.

This booklet is not intended to provide tax advice but rather to help you understand the implications of taxable income while present in the United States on an F1 or J1 Visa as a student. This information may change from time to time depending on IRS regulations and treaty negotiations. Please always refer to the latest available information on the IRS.gov website.

This booklet is provided by the Benefits & Payroll Office of Mercer University. Please direct any questions you have regarding its contents to smith_cs@mercer.edu.
Most Common Tax Questions & Answers:

Do I need an **ITIN** as a student in the United States?
Anyone required to complete an annual tax return is required to have either a Social Security Number or an ITIN (Individual Taxpayer Identification Number).

What’s the difference in ITIN & **SOCIAL SECURITY NUMBER**?
A Social Security Number is issued to those who are qualified to work in the United States and have secured a job. An ITIN is used by non-residents who have never had a job in the United States but must submit a tax return. They are NOT interchangeable. *Once you get a job, get a SS# and do not use the ITIN again.*

Do I have to file a **TAX RETURN**?
*If you have taxable income, you must file a tax return. The Flow Chart pictured on the opposite page may help you determine if you will have taxable income.*

How much will I **OWE THE IRS**?
Scholarships you receive that are used to pay for housing or meals (not covered under a treaty) may be taxed at a flat rate of 14% by colleges and universities in the United States. Mercer University allows students to submit a W4NR requesting the “alternate withholding method” which reduces the upfront tax liability. Final tax owed is calculated on a tax return. At that time, you pay if you did not submit enough during the year or you get a refund check if you submitted too much.

My friend says I only have to file if I make a certain amount. Is that true?
*There is no minimum dollar amount of income for foreign students or foreign scholars. The dollar limit thresholds which trigger a filing requirement for a U.S. citizen or a resident alien do not apply to nonresidents. However, Notice 2005-77 provides that a nonresident whose only U.S. source income is wages is not required to file a U.S. federal income tax return unless his U.S. source wages exceed the personal exemption amount. (This amount changes every year. The 2017 exemption is $4050)*

Why do I have an “International Tax” **CHARGE ON MY STUDENT BILL**?
*If you have a charge on your student account referenced in this way, then you were identified as a non-resident foreign student who received scholarships from U.S. sources that helped pay some or all of your housing and/or meals. This charge is for IRS payments that are paid for you both in the fall and the spring semesters. If your status was identified incorrectly, contact the International Student Office immediately.*
Answer the following questions to discover what your reporting requirements will be for the educational assistance you receive or for jobs you have while studying in the United States:

Do you get any financial assistance from sources within the United States (including wages)?

**YES**

Tax Returns are filed only for “Taxable income”. Complete 8243 Each calendar year by April 15.

**From Earned Wages**

Does Your Country have a treaty with the U.S. for wages? (SEE CHART)

**YES**

Complete the IRS Form 8233. Send it to Payroll Office. Attend Annual Tax Return Workshop.

**NO**

Complete the IRS Form W4. Send it to Payroll Office. Attend Annual Tax Return Workshop.

**From Scholarships**

Does Your Country have a treaty with the U.S. for scholarships? (SEE CHART)

**YES**

Complete the IRS Form W8BEN. Send it to Payroll Office. Attend Annual Tax Return Workshop.

**NO**

Complete the IRS Form W4 (NR). Send it to Payroll Office. Attend Annual Tax Return Workshop.

**Pays Housing-Meals**

Does Your Country have a treaty with the U.S. for scholarships? (SEE CHART)

**YES**

Complete the IRS Form 8233. Send it to Payroll Office. Attend Annual Tax Return Workshop.

**NO**

Complete the IRS Form W8BEN. Send it to Payroll Office. Attend Annual Tax Return Workshop.

**Pays Tuition**

Qualified Tuition & fees are not considered “taxable income” by IRS
Countries with Tax Treaty Provisions for Non-Resident Students:

TREATIES WITH PROVISIONS FOR ROOM & BOARD SCHOLARSHIPS:
TO ACCEPT TREATY ELIGIBILITY STUDENT MUST COMPLETE FORM W8BEN

BANGLADESH 21(2)          MOROCCO 18
CHINA 20(b)                NETHERLANDS 22(2)
COMMONWEALTH VI(1)         NORWAY 16(1)
CYPRUS (21)1               PHILIPPINES 22(1)
CZECH REPUBLIC 21(1)       POLAND 18(1)
EGYPT 23(1)                PORTUGAL 23(1)
ESTONIA 20(1)              ROMANIA 20(1)
FRANCE 21(1)               RUSSIA 18
GERMANY 20(3)              SLOVAK REPUBLIC 21(1)
ICELAND 22(1)              SLOVENIA 20(1)
INDONESIA 19(1)            SPAIN 22(1)
ISRAEL 24(1)               THAILAND 22(1)
KAZAKHSTAN 19              TRINIDAD TOBAGO 19(1)
KOREA 21(1)                TUNISIA 20
LATVIA 20(1)               UKRAINE (20)
LITHUANIA 20(1)            VENEZUELA 21(1)

TREATIES WITH PROVISIONS FOR COMPENSATION DURING TRAINING:
TO ACCEPT TREATY ELIGIBILITY STUDENT MUST COMPLETE FORM 8233

BANGLADESH 21(2)          LUXEMBURG 21(1)
BELGIUM 21(1)              MALTA 20(2)
BULGARIA 19(1)(B)          MOROCCO 18
CHINA 20(c)                NETHERLANDS 22(1)
COMMONWEALTH VI(I)         NORWAY 16(1)
CYPRUS (21)1               PAKISTAN XIII(1)
CZECH REPUBLIC 21(1)       PHILIPPINES 22(1)
EGYPT 22(1)                POLAND 18(1)
ESTONIA 20(1)              PORTUGAL 23(1)
FRANCE 21(1)               ROMANIA 20(1)
GERMANY 20(4)              SLOVAK REPUBLIC 21(1)
ICELAND 22(1)              SLOVENIA 20(1)
INDONESIA 19(1)            SPAIN 22(1)
ISRAEL 24(1)               THAILAND 22(1)
KOREA 21(1)                TRINIDAD TOBAGO 19(1)
LATVIA 20(1)               TUNISIA 20
LITHUANIA 20(1)            VENEZUELA 21(1)

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10 Important Tax Facts to Know

1. Every International student receiving taxable income is required to have a Social Security Number (or an ITIN if they are not eligible for a Social Security Number.)

2. No one is allowed to begin working without a social security number.

3. Scholarships from U.S. sources that apply towards payment of housing and meals are considered taxable income.

4. All wages are considered taxable income.

5. Taxable means “subject to tax”. When income is taxable you may or may not owe tax on that income.

6. Tax withheld is tax paid, not tax owed. When filing a tax return, you calculate tax owed less tax paid = tax still owed or overpayment to be refunded.

7. When a tax treaty between your country of residence and the United States is in place, the amount of tax owed on taxable income may be reduced.

8. Tax treaty exemptions are NOT AUTOMATIC. You must complete the appropriate forms to be eligible for reduced withholding tax.

9. Students present in the United States on an F1 or J1 Visa for the purpose of seeking a higher education degree are exempt from the substantial presence test with the completion of form 8843. They are not required to pay FICA or MEDICARE taxes.

10. All international students receiving taxable income from sources within the United States are required to complete a tax return.
**Forms for Non-Resident Individuals Present in the United States (With Taxable Income)**

**Purpose of Form**

**Do I Need a SEC#?**

**SEC#:**

**Net Income**

**Date of This Form**

**Income Tax Return**

**Social Security No.**

**Reason for Filling Out This Form**

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<th>Form</th>
<th>Description</th>
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<tr>
<td>8833</td>
<td>Use this form to declare treaty benefits when non-U.S. individual taxpayers</td>
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<tr>
<td>8223</td>
<td>Form W-8 BEN</td>
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