

Tax Newsletter—Spring 2009
IUPUI Office of International Affairs
Engaging the World through Education and Partnership
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All international persons living in the U.S. are required to comply with the U.S. requirement to file federal and state tax "returns" and pay any required taxes by April 15, 2009. This newsletter and other resources provided by the Office of International Affairs are designed to assist you in fulfilling this requirement.

Step 1. Determine whether you are a **resident** or **non-resident** for tax purposes. This is determined by your visa type and length of stay within the U.S. Refer to the information with each visa type below to determine if you are a resident or non-resident for tax purposes. Please read "Nonresident vs. Resident Status" on p. 2 to help you determine if you are able to use this software.

Step 2. Once you know whether you are a resident or nonresident for tax purposes, you can then determine which forms you must use and what resources are available to you. Residents for tax purposes complete the same tax forms as US citizens; non-residents for tax purposes complete non-resident tax forms.

The support services for tax filing provided by the Office of International Affairs focus on nonresident filers because assistance is widely available for persons filing resident forms. Refer to our website: <http://www.iupui.edu/~oia/TA/taxresornot.html>. Our tax program CINTAX is for non-immigrants completing non-resident tax forms.

Nonresident Tax Software

The Office of International Affairs provides IUPUI international students and scholars free access to the leading nonresident tax preparation software, CINTAX. You can use CINTAX to complete your federal tax forms on-line and print them, ready for filing. CINTAX does not include the state forms, so you will need to complete Indiana state tax forms using paper forms available from: <http://www.in.gov/dor/3910.htm>. State forms will also be available at the State Tax Workshop. Non-residents will complete the IT-40PNR.

The CINTAX process starts at the OIA homepage at www.iupui.edu/~oia/. At the homepage, select *Tax Assistance*. When you select the CINTAX link on the CINTAX page, a dialog box will appear requesting your username and password. If you have activated your IUPUI exchange e-mail account, this should take you to the iStart portal which will lead you to the CINTAX software page. You can return to your saved record unlimited times. You will answer questions and provide data concerning your individual tax situation to complete the IRS forms 8843 and 1040NR-EZ or 1040NR. The software will also factor in exemptions based on a tax treaty between your country and the U.S. Once completed, the tax forms can be printed and are ready to send to the IRS.

To use the software, you will need to have all of the following documents ready:

- your passport with your visa page
 - any W-2 or 1042-S forms received from IUPUI or other employer for whom you worked during 2008.
1. You should have received a W-2 form by January 31 if taxes were withheld from your wages.
 2. If you received wage income and tax was not withheld—for instance, because of a tax treaty benefit or a scholarship or fellowship, you will receive a Form 1042-S. The 1042-S will be mailed to you from the University Financial Management Services by March 15.

3. If both circumstances apply to you, you may receive both a W-2 and a 1042-S.

- Any 1099s you may have received.

You should receive all necessary forms in advance of the tax seminar dates. These are all needed to prepare your tax forms.

What if I don't know my IUPUI Network ID?

Scholars: Your IUPUI email account is requested for you by your department. Ask the technology support person in your department for assistance.

Students: If you have forgotten your Network ID or password, you will need to visit the Help Desk at IT 129. Take your Student ID with you.

Dependents: If you have a dependent nonimmigrant status (such as F-2 or J-2) and are not eligible for an IUPUI Network ID and Password (because you are not an IUPUI student, scholar, or employee), you will need to use your principal applicant's account to complete your forms. You can delete their information and add your own.

Do I Need to File Taxes?

All persons who received U.S. income in 2008 are required to file a U.S. tax return. Generally if you made less than \$3500 in 2008 you do not owe U.S. income tax. However filing a U.S. and IN State tax return is the only way to obtain a refund of taxes paid in excess.

If you were in the U.S. but didn't make any U.S. income fill out form 8843 found here: <http://www.irs.gov/pub/irs-pdf/f8843.pdf>

Nonresident vs. Resident Status for Tax Purposes

The CINTAX software is designed only for international students and scholars who are nonresidents for tax purposes. What does this mean for you? Are you a NONRESIDENT or RESIDENT for tax purposes? A resident for tax purposes is different from being a permanent resident or an Indiana resident. It is based on your visa status and your length of stay in the U.S. Regardless of your visa status if you stay long enough in the U.S., you eventually become a resident for tax purposes. This is determined by the physical presence test found in IRS Publication 519: <http://www.irs.gov/pub/irs-pdf/p519.pdf> (see pages 4-8). For non-resident aliens generally you are going to be a resident for tax purposes if you have been in the U.S. more than 183 days during 2008.

F-1 and J-1 students are exempt from the substantial presence test for 5 calendar years; J-1 scholars are exempt for 2 calendar years. That means that during that time, F-1 and J-1 students, and J-1 scholars are considered non-residents for tax purposes. Please note that if you arrived in the U.S. in one non-immigrant status and then changed status to F-1 or J-1, you may no longer be considered a non-resident for tax purposes and you may not be eligible for the benefits of your tax treaty.

Read the following section corresponding to your visa status to determine if you will need to complete tax forms as a nonresident or resident for tax purposes.

Nonresidents

You can use CINTAX for completing your federal tax form only. Your tax treaty will be applied automatically by the software program. Once you calculate your *taxable income* on your federal form (1040NREZ or 1040NR), you use that same amount as the taxable income on your state tax form. If you are a resident for tax purposes for your federal taxes, you are a resident for tax purposes for your state taxes as well. Similarly, if you are a non-resident for tax purposes for your federal taxes, you are a non-resident for tax purposes for your state taxes.

Dependents: Citizens of Canada, India, Mexico, or South Korea are the only F-1 and J-1 persons eligible to claim dependents as exemptions on a tax return. Please note that you cannot use your children born in the U.S. as a tax exemption on your non-resident tax return. Eligible dependents would file for an ITIN (Individual Tax ID Number) at the same time you file for taxes. Please read the ITIN box in this newsletter. If your J-2 dependent was employed, he or she should complete their own tax return using the 1040NREZ, and IT-40PNR.

Residents

If you are a *resident for tax purposes*, you will not be able to use CINTAX. Instead, you can use tax software such as TurboTax or other programs available at the IRS web site. You also may hire a tax preparer, obtain assistance at a public library, or complete the tax form by yourself. Resident federal and state tax forms are available at local libraries, post offices, or online

Federal (IRS) forms: <http://www.irs.gov/app/picklist/list/formsInstructions.html>. You will need to complete federal forms 1040EZ, 1040A or the 1040, depending on your individual circumstances.

Indiana State forms: <http://www.in.gov/dor/3910.htm>. The resident state form is the IT-40.

F-1 and J-1 Students:

- If you arrived in the U.S. in 2003 or before, you are considered a resident for tax purposes and should complete the U.S. resident tax forms.

- If you came in 2004 or later, you are a nonresident for tax purposes. Your next question is whether you had any U.S.-source income (including fellowships or scholarships) in 2008. If the answer is no—you only need to fill out the form 8843 for yourself and all the members of your family. If the answer is yes, you will need to use CINTAX to complete your federal tax forms. For your state taxes, use IT-40PNR.

J-1 Scholars, Professors, and Physicians:

- If you arrived in 2006 or before, you are considered a resident for tax purposes and should complete the U.S. resident tax forms.

- If you came in 2007 or later, you are a nonresident for tax purposes. Your next question is whether you had any U.S.-source income (including fellowships or scholarships) in 2008. If the answer is no—you only need to fill out the form 8843 for yourself and all the members of your family. If the answer is yes, you will need to use CINTAX to complete your federal tax forms. For your state taxes, use IT-40PNR.

H-1Bs, O-1s, and TNs:

- If you were in the U.S. for the entire year of 2008, you are considered a resident for tax purposes and should complete the appropriate resident tax form.

- If you entered the U.S. between January 1, and July 2, 2007, you may be considered a Dual Status resident*. In this case, you may need to file both as a resident and nonresident.

- If you entered the U.S. after July 2, 2007 and are in the U.S. for the first time since 2004, you are considered a nonresident for tax purposes. (Please note you will not be a non-resident if you changed status and fulfill the physical presence test.)

- If you entered the U.S. after July 2, 2007, but this was not your first time in the U.S. since 2004 (you were in the U.S. for a portion of either 2005 or 2006), you will have to take the substantial presence test to determine your tax residency status. See the publication below.

*The best source of information about Dual Status residency is IRS Publication 519 "U.S. Tax Guide for Aliens." It can be downloaded from the IRS website at <http://www.irs.gov/pub/irs-pdf/p519.pdf> (see pages 4-8). This publication is also available in paper form at our office, ES 2126.

• **I was taxed when I had a tax treaty that should have exempted my income from taxation. How can I correct this?**

You need to complete the International Tax Questionnaire found at this website: <http://www.fms.iu.edu/tax/forms/questionnaire.pdf> . It indicates the attachments you will need to send with the form to the Financial Management Services Office in Bloomington.

Tax Workshops for Nonresidents for Tax Purposes

If you need additional assistance after using the CINTAX software, you can register for separate federal and/or state workshops.

Federal Tax Workshops

Our office will provide four identical workshops using the CINTAX software to help you complete your federal tax returns. *State taxes will not be addressed in these sessions.*

Friday, March 27
Education and Social Work (ES 2121)
8:30-10:00 am
10:00-11:30 am
1:00-2:30 pm
2:30-4:00 pm

You are welcome to use the CINTAX software on your own to complete your tax returns. However if you would prefer to complete them at our workshop, please reserve a place. Each session is limited to 25 people.

Items to bring with you to the federal tax workshop: Bring your passport with your U.S. nonimmigrant visa included in it, along with any forms W-2, 1042-S, and 1099 that you have received, plus check routing information—your checkbook or an unused check.

State Tax Workshops

Representatives of the Indiana State Department of Revenue will lead two tax workshops. *Questions about federal taxes cannot be answered in these sessions.*

Friday, April 3
Business/SPEA (BS 2007)
1:00-2:30 p.m.
2:30-4:00 p.m.

Items to bring with you to the state tax workshop: Bring any form W-2 or 1042-S, along with your completed federal tax return.

You **must** have completed your federal tax forms before attending a state workshop.

Registration is required for all workshops. Please call 274-7000 or e-mail intlaff@iupui.edu to reserve a space for one of these workshops.

If you find that you are able to complete your tax forms on your own and no longer need to attend the workshop, please contact OIA to cancel your workshop registration.

Do You Need an ITIN for Your Dependents?

If you have family members with you in the U.S. who are not eligible for a U.S. Social Security Number, and your situation matches one of the following scenarios, your dependents may need to obtain an Individual Taxpayer Identification Number (ITIN) at the time you file your tax return:

1. You are from Canada, India, Korea, or Mexico and you have U.S. income on which you will need to pay taxes. (You may be able to reduce the tax owed by claiming your dependents as a tax exemption; an ITIN is required.) **OR**
2. You are from any country, you have been in the U.S. long enough to file as a "resident for tax purposes," and you have sufficient income to require that you file a U.S. tax return. The following persons would be "residents for tax purposes":
 - F1 or J1 students who arrived in the U.S. in 2003 or earlier
 - J1 research scholars who arrived in the U.S. in 2006 or earlier
 - H1B, O1, or TN employees who arrived in the U.S. in June, 2008 or earlier

If any of your dependents have previously obtained a U.S. social security number, you do not need to obtain an ITIN for them.

Please note: if you are applying for an ITIN for your dependents in order to include them on your federal tax return, you must attach your original, completed tax return to Form W-7 to get the ITINs. You must file your completed tax forms with the W-7: Internal Revenue Service, ITIN Operation, P.O. Box 149342, Austin, TX 78714-9342. **Do not send your tax return to the address given in the tax return instructions. After the form W-7 has been processed, the IRS will assign an ITIN to the end of the return and process your tax return.**

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