



Disclaimer: This article is designed to provide you general information regarding taxes. It is not intended to provide participants with tax advice. Amity Institute is not a licensed tax advisor, so we are not able to provide individualized tax advice or answer specific tax questions. We recommend that if you have specific questions on tax related matters, that you contact a licensed tax professional.

I know that the beginning of the year and orientations seem like a long time ago now. I know from reading some of your cultural reports that you have experienced some great times, some challenges, and many new adventures.

As you may recall during orientation, we shared a slide with you that looked like this:

**Taxes**

The following is general information about taxes. It is NOT meant to represent advice. Amity Institute is not a tax professional so cannot provide you tax advice. For specific questions about your tax responsibilities, please contact the Internal Revenue Service, an accountant, or an income tax service.

- \* Will receive additional information in January
- \* Will need to file a 1040-NR by April 15 of 2020 and 2021
- \* Your school may or may not withhold taxes
- \* You are responsible for reporting monies received in the United States
- \* [www.irs.gov](http://www.irs.gov) Publication 519
- \* [www.sprintax.com](http://www.sprintax.com)- Blogs and Tax preparation- Fee

We talked about forms, treaties, and resources. We told you that we would provide you additional information in January. Well, guess what? It is January. So, we would like to share some information with you regarding the U.S. tax system and your responsibilities as a J-1 Visa holder. All Exchange Visitors in the U.S. are required by law to submit certain Federal and State tax forms to the appropriate Federal and, in some cases, state governmental organizations. Federal tax returns must be filed with the Internal Revenue Service (IRS) no later than April 15<sup>th</sup>, 2020. State filing deadlines are typically the same, however, some states may have different deadlines.

The Internal Revenue Service (IRS) is the Federal Agency that oversees the federal tax system in the United States. The IRS is the best source of information regarding the taxes forms you must file. This memo will provide you several links to the IRS. We encourage you to look at these links. Let's start with one that will give you an overview of all the resources available through the IRS. You may wish to pay attention to the box titled Non-Resident Aliens with No U.S. Business or Trade.

<https://www.irs.gov/individuals/international-taxpayers/nonresident-aliens>

Now click on this link:

<https://www.irs.gov/individuals/international-taxpayers/taxation-of-nonresident-aliens>

Are you feeling completely overwhelmed? Don't panic! The U.S. tax system can seem very complicated and overwhelming; even to Americans. Many Americans have professional tax specialists such as accountants complete their tax forms for them. If you have been in a store recently, you may have seen large displays of a product called Turbo Tax. This software assists U.S. Citizens in filing their taxes correctly. Please DO NOT purchase Turbo Tax. It is designed for U.S. Citizens and the tax laws are very different for Non-U.S. citizens. Never fear, at the end of this memo we will provide you information about a tax resource that is for J-1 Visa Holders.

We keep talking about U.S Citizens and Non-citizens. Is there really a difference, for tax purposes, between the two? Yes, there are some significant differences that affect you when it comes to your responsibilities, as a J-1 Visa Holder, under the U.S. Tax System. We will look at three of them:

1. Filing Status
2. Forms
3. Tax Treaties

Filing Status:

The U.S. tax system uses the term "alien" to describe any individual who is not a U.S. citizen or U.S. national. For tax purposes, there are two types of aliens- resident and non-resident. Generally speaking, interns will likely be classified as non-resident aliens for tax purposes. However, if you have spent time in the United States prior to your current internship you should review the substantial presence test to ensure that you are a non-resident. You may learn more about this by clicking on the link below:

<https://www.irs.gov/individuals/international-taxpayers/determining-alien-tax-status>

It is important that you determine your status, as there may be different forms, income reporting requirements, and other items that are different if you meet either of the two tests to be classified as a resident alien for tax purposes.

Forms:

As a non-U.S. citizen, you will use different forms to report your income to the IRS. Generally speaking, most interns are able to use the 1040NR-EZ Form. You may be able to use this form if your stipend is the only income you have to report. Here is a link to the form and instructions.

<https://www.irs.gov/forms-pubs/about-form-1040-nr-ez>

Tax Treaties:

The United States has treaties in place with many countries. These treaties may provide lower tax rates for citizens of those countries or may even allow you to not pay any taxes on income received in the U.S. Below is a link to the list of countries that have treaties in place with the U.S. There is a line on the 1040NR which allows you to claim the benefits of a tax treaty if you are qualified.

Tax treaties are very complex and may be difficult to understand. If you are a citizen of a country with which the U.S. has an existing tax treaty, we strongly encourage you to work with a licensed tax professional prior to claiming the treaty.

No good post is complete without a Frequently Asked Questions Section, so here are some questions we have received over the past few months and during orientation.

FAQ:

1. Do I have to file a tax return and pay taxes?

The simple answer is YES. All non-U.S. citizens (aliens) must file a return with the IRS and list any income that you have received in the United States during the calendar year of 2019. You will have to do this again when you return home for income you receive in calendar year 2020. You may owe taxes on that income based on many factors that are unique to you.

2. I only received a stipend. Is that really income?

Even though your stipend is a fixed amount of money given to you to assist you with living expenses while you are in the United States and is not a salary, the IRS still considers it income for purposes of taxes. Simply stated, the IRS considers any money you receive from sources inside the U.S. to be income and it must be reported by you using the appropriate tax form.

3. Is the calendar year and the school year the same thing?

No. Your internship covers a school year. The school year is typically August or September through May or June. Taxes and tax filings are based on the calendar year from January 1 to December 31. When you file your taxes, you will list income received during 2019. When you return home, you will need to file taxes next year for the income you will receive from now until you go home at the end of your program.

4. Are federal and state taxes the same?

No, they are different. State agencies may have different filing requirements and deadlines than those of the IRS. Your school or Program Counselor can assist you in locating the appropriate tax agency for your state if you need assistance.

5. My friend told me I should just claim a tax treaty and “see what happens.” Is this good advice?

Very bad idea!!! There are very serious penalties for claiming tax treaty benefits for which you are not qualified. You could end up owing the IRS additional taxes and money for penalties. If your country has a tax treaty, you really should consider consulting a tax professional.

6. This all seems very confusing. Is there anywhere I can get help?

The good news is- Yes! First, this memo has included numerous links to IRS documents, publications, and resources. Yes, that requires a lot of reading and some general knowledge of taxes.

You may also choose to contact an accountant in your local town or city who could assist you. Accountants generally will charge you for their services.

Finally, there is a web-based service called Sprintax. Sprintax is very similar to TurboTax, but it is specifically designed for J-1 Visa Holders. They can assist you with tax treaties and preparing your forms to be filed with the IRS and your state agencies. You can learn more about them at [www.sprintax.com](http://www.sprintax.com) .