Agenda

- What to expect from MIT during 2021 Tax season
- Nonresident Tax Primer Presented by Sprintax
- Resources for Nonresidents
Webinar Guidelines/Housekeeping

- Submit your questions/comments to the presenter via the Q&A feature in Zoom
- Webinar recording and PowerPoint materials will be made available on the MIT VPF and ISO websites on Monday, March 7
- Your feedback is appreciated!

Disclaimer:

The aim of this presentation is to provide you with a general understanding of tax principles as they apply to international students and as such, is for information purposes only. *MIT does not offer legal, accounting, or tax advice and services, and recommends students consult a tax advisor for individual tax advice.*
## MIT Distributed Tax Forms

<table>
<thead>
<tr>
<th>Tax Form</th>
<th>Types of Payments Reported:</th>
<th>Issued by:</th>
<th>How to Access:</th>
</tr>
</thead>
<tbody>
<tr>
<td>W-2</td>
<td><em>Salary and wage</em> excluding wages that are exempt under a tax treaty</td>
<td>VPF HR/Payroll <a href="mailto:payroll@mit.edu">payroll@mit.edu</a></td>
<td>Active students - Atlas  &lt;br&gt; Inactive students - MyADP.com  &lt;br&gt; Paper copy mailed (if no electronic consent)</td>
</tr>
<tr>
<td>1042-S (foreign nationals only)</td>
<td><em>Salary and wage payments</em> to foreign nationals covered by a tax treaty  &lt;br&gt;<em>Fellowship payments</em> to foreign nationals which had federal income tax withheld</td>
<td>VPF HR/Payroll <a href="mailto:payroll@mit.edu">payroll@mit.edu</a></td>
<td>VPF HR/Payroll paper copy - Mailed late February  &lt;br&gt;Sprintax Forms - HR/Payroll electronic version</td>
</tr>
<tr>
<td>Prizes and awards and summer graduate program fellowships</td>
<td></td>
<td>VPF Accounts Payable (AP) <a href="mailto:B2P@mit.edu">B2P@mit.edu</a></td>
<td>AP Paper Copy - Mailed late February</td>
</tr>
<tr>
<td>1098-T</td>
<td><em>Qualified tuition and related payments</em></td>
<td>MIT Student Financial Services <a href="mailto:sfs@mit.edu">sfs@mit.edu</a></td>
<td>Electronic - ECSI (Educational Computer Systems, Inc.) - Available February 1</td>
</tr>
</tbody>
</table>
## MIT Distributed Tax Forms (Health Forms)

<table>
<thead>
<tr>
<th>Tax Form</th>
<th>Types of Payments Reported:</th>
<th>Issued by:</th>
<th>How to Access:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1099-HC</td>
<td>Individuals filing tax returns with the Commonwealth of Massachusetts are required to demonstrate coverage under a health insurance plan</td>
<td>Blue Cross Blue Shield</td>
<td>See Contact Information on your Health Insurance Card</td>
</tr>
<tr>
<td>1095-B</td>
<td>Issued to students by MIT Medical per the Affordable Care Act</td>
<td>MIT Medical</td>
<td><a href="mailto:1095B@med.mit.edu">1095B@med.mit.edu</a></td>
</tr>
</tbody>
</table>

Nonresident Tax Webinar - MIT

Neil Duffy
Associate Vice President
Sprintax

Elvera King
Account Manager
Sprintax

Massachusetts Institute of Technology
Overview

- Overview of tax for nonresident students
- Understand the implications of not filing/misfiling
- Using Sprintax to assist with tax compliance
- Questions and discussion
Important dates for 2021

- 2021 tax filing season is for income from:
  - 1st January – 31st December 2021
- Tax filing season won’t begin until late January 2022
- Filing deadline in MA is:
  - **Tuesday, April 18th 2022** for federal and **April 19th** for MA state 2021 income tax returns
What determines residency for tax purposes?
Resident or nonresident for tax purposes?

Independent of visa/immigration status

- Generally, most international students & scholars who are on F, J, M or Q visas are considered nonresident for tax purposes.
- International students on J1 & F1 visas are automatically considered nonresident for their first 5 calendar years in the US.
- Scholars/Researchers (and their dependents) on J visas are automatically considered nonresidents for 2 out of the last 6 calendar years in the US.
- If they’ve been in the US for longer than the 5 or 2 year periods, the Substantial Presence Test will determine their tax residency – 183 days.
## Residency summary

<table>
<thead>
<tr>
<th>Residency Type</th>
<th>Description</th>
<th>Number of years exempt from SPT</th>
<th>FICA Exemption</th>
</tr>
</thead>
<tbody>
<tr>
<td>F - 1</td>
<td>Student</td>
<td>5</td>
<td>Y</td>
</tr>
<tr>
<td>F - 2</td>
<td>Dependent</td>
<td>5</td>
<td>N</td>
</tr>
<tr>
<td>J1</td>
<td>Student, non degree</td>
<td>5</td>
<td>Y</td>
</tr>
<tr>
<td>J1</td>
<td>Au pair and EduCare</td>
<td>2 of 6</td>
<td>Y</td>
</tr>
<tr>
<td>J1</td>
<td>Camp Counselor (summer camp)</td>
<td>2 of 6</td>
<td>Y</td>
</tr>
<tr>
<td>J1</td>
<td>Intern</td>
<td>2 of 6</td>
<td>Y</td>
</tr>
<tr>
<td>J1</td>
<td>Summer Work/Travel</td>
<td>2 of 6</td>
<td>Y</td>
</tr>
<tr>
<td>J1</td>
<td>Teacher</td>
<td>2 of 6</td>
<td>Y</td>
</tr>
<tr>
<td>J1</td>
<td>Trainee</td>
<td>2 of 6</td>
<td>Y</td>
</tr>
<tr>
<td>J1</td>
<td>Alien Physician</td>
<td>2 of 6</td>
<td>Y</td>
</tr>
<tr>
<td>J1</td>
<td>Student, Bachelor’s</td>
<td>5</td>
<td>Y</td>
</tr>
<tr>
<td>J1</td>
<td>Student, Doctorate</td>
<td>5</td>
<td>Y</td>
</tr>
<tr>
<td>J1</td>
<td>Student, Intern</td>
<td>5</td>
<td>Y</td>
</tr>
<tr>
<td>J1</td>
<td>Student, Masters</td>
<td>5</td>
<td>Y</td>
</tr>
<tr>
<td>J1</td>
<td>Government Visitor</td>
<td>2 of 6</td>
<td>Y</td>
</tr>
<tr>
<td>J1</td>
<td>International Visitor</td>
<td>2 of 6</td>
<td>Y</td>
</tr>
<tr>
<td>J1</td>
<td>Professor</td>
<td>2 of 6</td>
<td>Y</td>
</tr>
<tr>
<td>J1</td>
<td>Short-Term Scholar</td>
<td>2 of 6</td>
<td>Y</td>
</tr>
<tr>
<td>J1</td>
<td>Specialist</td>
<td>2 of 6</td>
<td>Y</td>
</tr>
<tr>
<td>J1</td>
<td>Research Scholar</td>
<td>2 of 6</td>
<td>Y</td>
</tr>
<tr>
<td>J2</td>
<td></td>
<td>2 of 6</td>
<td>N</td>
</tr>
</tbody>
</table>
Every nonresident who is an exempt individual must complete Form 8843 – irrespective of income or days of presence.

As there is no personal exemption amount for 2021, any nonresidents who have received taxable earnings or income over $0 will have a federal filing requirement (Form 1040-NR).

Form 1040-NR-EZ has been discontinued since 2020 tax season.

Every nonresident has some type of IRS filing obligation.
Form 8843 – minimum filing requirement for all nonresident aliens.
Popular types of US income

- Employment
- Scholarship covering costs other than tuition and tuition related expenses
  - Room and board
  - Stipend
- Investment income/Crypto

Other Income?

- Gambling winnings
- Focus group – gift card
- Rental income (over 14 nights)
- Selling art/design works
- All reportable
<table>
<thead>
<tr>
<th>Type of Income</th>
<th>Factor Determining Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries, wages, other compensation</td>
<td>Where services performed</td>
</tr>
<tr>
<td>Business income: Personal services</td>
<td>Where services performed</td>
</tr>
<tr>
<td>Business income: Sale of inventory - purchased</td>
<td>Where sold</td>
</tr>
<tr>
<td>Business income: Sale of inventory - produced</td>
<td>Where produced (Allocation may be necessary)</td>
</tr>
<tr>
<td>Interest</td>
<td>Residence of payer</td>
</tr>
<tr>
<td>Dividends</td>
<td>Whether a U.S. or foreign corporation (some exceptions)</td>
</tr>
<tr>
<td>Rents and Sale of real property</td>
<td>Location of property</td>
</tr>
<tr>
<td>Royalties: Patents, copyrights</td>
<td>Where property is used</td>
</tr>
<tr>
<td>Sale of personal property</td>
<td>Seller's tax home (some exceptions)</td>
</tr>
<tr>
<td>Pensions</td>
<td>Where services were performed that earned the pension</td>
</tr>
<tr>
<td>Scholarships - Fellowships</td>
<td>Generally, the residence of the payer</td>
</tr>
</tbody>
</table>
Income which does not trigger a filing requirement for nonresidents

- Scholarship for ONLY tuition and related expenses
- Scholarship received from outside the US
- Money transferred from parents/relatives overseas
- Income ‘earned’ in their home country (investment income, rent, job before moving to US, etc.)
- Interest on regular savings account
Income documents

Income documents nonresidents may receive at the end of the tax year

W2

- Outlines Wages, Salary, Compensation from the entire year (Employment Earnings)
- Fellowship / Taxable Scholarships / Non-Degree Aid
- Income exempt by a tax treaty
- Royalty Payments
- Prize/Award/Miscellaneous foreign payments

1042-S

- Fellowship / Taxable Scholarships / Non-Degree Aid
- Income exempt by a tax treaty
- Royalty Payments
- Prize/Award/Miscellaneous foreign payments
- Rental income
- Investment Income
- Independent Contractor Services and Commissions

1099 Series

- MIT Prizes and Awards
- Rental income
- Investment Income
- Independent Contractor Services and Commissions
## Income Types and Taxability

<table>
<thead>
<tr>
<th>U.S.-Sourced Income Type</th>
<th>Taxable as Income</th>
<th>Withholding Required</th>
<th>Form Received</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qualified Scholarship or Fellowship</td>
<td>No</td>
<td>No</td>
<td>None</td>
</tr>
<tr>
<td>Non-Qualified Scholarship or Fellowship</td>
<td>Yes</td>
<td>Yes – 14% absent treaty</td>
<td>1042-S</td>
</tr>
<tr>
<td>Prize or Award</td>
<td>Yes</td>
<td>Yes – 30%</td>
<td>1042-S</td>
</tr>
<tr>
<td>Compensation</td>
<td>Yes</td>
<td>Yes – varied</td>
<td>W-2</td>
</tr>
<tr>
<td>Compensation – non-employee</td>
<td>Yes</td>
<td>Yes – 30% absent treaty</td>
<td>1042-S</td>
</tr>
<tr>
<td>Compensation from individual or foreign organization</td>
<td>Yes</td>
<td>No</td>
<td>None</td>
</tr>
<tr>
<td>Royalties</td>
<td>Yes</td>
<td>Yes – 30% absent treaty</td>
<td>1042-S</td>
</tr>
</tbody>
</table>
Nonresident spouse and dependents

✓ Same filing requirements as visa holder:

✓ No joint returns for Nonresidents

✓ Obligations
  - Minimum is Form 8843
  - Form 1040-NR, if dependent earned US-source income
  - Each dependent should mail them in separate envelopes

✓ Nonresident can elect to file as resident – when married to a tax resident - but do the math on both options first!
FICA taxes

✓ Nonresident international students and scholars (J1 & F1) **should not** be paying FICA.

✓ H-1B, J-2 and TN visa-holders, are subject to FICA taxes from their first day of employment.

✓ Usually only applied to off-campus employment
  ✓ However tax residents do pay

✓ Opportunity to claim back
  ✓ From employer
  ✓ Via Form 843 & Form 8316
Comparison of impact of FICA taxes on nonresidents

- If FICA taxes are withheld in error by their employer, they could have a significant amount of money coming out of their pay check that did not need to be withheld.

- First approach is to ask for a refund of the FICA from their employer.

- If employer refuses, they can file a FICA tax return Form 843 and 8316 to the IRS – however, this can take a long time!

<table>
<thead>
<tr>
<th>Visa type</th>
<th>F-1 Student</th>
<th>J-1 Student</th>
<th>J-1 Intern</th>
<th>J-1 Researcher</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages</td>
<td>$20,000</td>
<td>$30,000</td>
<td>$40,000</td>
<td>$50,000</td>
</tr>
<tr>
<td>US Tax residency</td>
<td>Nonresident</td>
<td>Nonresident</td>
<td>Nonresident</td>
<td>Nonresident</td>
</tr>
<tr>
<td>FICA Taxes Withheld in Error</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>FICA Tax %</td>
<td>6.2% Social security + 1.45% Medicare tax (Student portion only)</td>
<td>6.2% Social security + 1.45% Medicare tax (Student portion only)</td>
<td>6.2% Social security + 1.45% Medicare tax (Student portion only)</td>
<td>6.2% Social security + 1.45% Medicare tax (Student portion only)</td>
</tr>
<tr>
<td>Student portion of FICA Taxes that could be withheld</td>
<td>$1,530</td>
<td>$2,295</td>
<td>$3,060</td>
<td>$3,825</td>
</tr>
</tbody>
</table>
State taxes

- Resident, part-year resident and nonresident status
- Forms and rules vary from state to state
- Federation of Tax Administrators website [www.taxadmin.org/state-tax-forms](http://www.taxadmin.org/state-tax-forms)
Massachusetts State taxes

Resident v Non-resident for MA State Tax
Nonresident (Form 1-NR/PY):
You are a nonresident if you were not a resident of Massachusetts but earned Massachusetts Income.

Part-year resident (Form 1-NR/PY):
You are a part-year resident if you either moved into or moved out of Massachusetts during the taxable year.

Resident (Form 1):
You are a full-year resident if your residence (domicile) is in Massachusetts or if you maintain a permanent place of abode in Massachusetts and during the year spend more than 183 days in the state.
Massachusetts State taxes

Do I need to file a MA state tax return?

• you were a resident of Massachusetts, and your gross income was more than $8,300 — whether received from sources inside or outside of Massachusetts
• you were a part-year resident with an annual Massachusetts gross income of more than $8,300 - whether received from sources inside or outside of Massachusetts
• you were a non-resident who received Massachusetts source income in excess of your personal exemption amount multiplied by the ratio of your Massachusetts income to your total income
ITIN
Individual Taxpayer Identification Number

- Required when filing Federal return but not eligible for a SSN
- Most common among scholarship recipients
- If filing an ITIN before tax return, documents can be certified by a responsible officer at the school
- If filing an ITIN alongside tax return, the rules change and a copy of passport needs to be certified by CAA, or local IRS office/home country passport office/embassy
- Sprintax ITIN blog for further information: http://blog.sprintax.com/how-apply-itin-outside-us/
1098-T

- Tuition Statement
- Mostly used to claim education tax credit
- Significant cause of misfiling for nonresidents
- **Not relevant for tax nonresidents**
- Sometimes - all students with an SSN on file with their school will get one, even nonresidents, so it can cause a lot of confusion!

- 1098-T can be found on MITPay for those who qualify
How to Report Taxable Grants

Your total scholarship and/or fellowship grants received during 2021 must be reported on Form 1040-NR, Line 1b; be sure to attach Form 1042-S to your return:

Enter amounts used for tuition and course-related expenses (e.g., qualified expenses) on Line 10c (to the extent the amounts are included on Line 1b) to ensure that only the non-qualified portions of your scholarship and/or fellowship grants are taxed:
How to Report Taxable Grants, Cont.

If any or all of your scholarship/fellowship grant is exempt by treaty, include the treaty-exempt amount on Line 1c, and complete item L of Form 1040-NR, Schedule OI:

Income

<table>
<thead>
<tr>
<th>Effectively Connected With U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>a 1a</td>
</tr>
<tr>
<td>b 1b</td>
</tr>
<tr>
<td>c 1c</td>
</tr>
</tbody>
</table>

Income Exempt From Tax—If you are claiming exemption from income tax under a U.S. income tax treaty with a foreign country, complete (1) through (3) below. See Pub. 901 for more information on tax treaties.

1. Enter the name of the country, the applicable tax treaty article, the number of months in prior years you claimed the treaty benefit, and the amount of exempt income in the columns below. Attach Form 8833 if required. See instructions.

<table>
<thead>
<tr>
<th>(a) Country</th>
<th>(b) Tax treaty article</th>
<th>(c) Number of months claimed in prior tax years</th>
<th>(d) Amount of exempt income in current tax year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Italy</td>
<td>20</td>
<td>4</td>
<td>4,000</td>
</tr>
</tbody>
</table>

(e) Total. Enter this amount on Form 1040-NR, line 1c. Do not enter it on line 1a or line 1b. 4,000
Timelines for a refund

✓ Federal
  ✓ 6 weeks - 6 months (in normal times)
  ✓ 2020 season – delays in processing returns
  ✓ Contact IRS to follow up - ‘Where’s my refund’ https://irs.gov/refunds

✓ State
  ✓ Similar but will vary from state to state
Tax Scams

- Use caution and common sense
- IRS would never ask for personal details without proper communication
- IRS are not seeking to penalize anyone – they just want to make sure that the fair and correct taxes are paid on time

Tax scams generally have the same format (internationally!)
- Money Owed
- “Instant” payment will make the problem go away
- Voucher/prepaid credit card reference preferred payment option
Filing incorrectly and the stimulus checks
Missed a year? Filed as a resident by mistake?

✓ Don’t panic!
  • but do set the record straight

✓ Never filed…
  • Catch up
  • Can back file at any stage
  • Can only claim a refund for previous 3 years

✓ Misfiled…
  • 1040X - Amended US Individual Income Tax Return
  • Simple form, similar to 1040
Stimulus payments overview

✅ First stimulus check was issued in March/April 2020

✅ Second stimulus check was issued by the IRS in December 2020

✅ Third stimulus check issued by the IRS in March 2021

✅ Generally, US citizens and resident aliens who are not eligible to be claimed as a dependent on someone else’s income tax return and have a valid SSN are eligible for the second and third payment

✅ Won’t qualify for the first or second stimulus check if they are a nonresident alien for tax purposes for 2020

✅ Won’t qualify for the third stimulus check if they are a nonresident alien for tax purposes for 2021
Implications of not filing

- Nonresidents are required to comply with all US laws, including IRS & filing tax forms (even if only 8843).
- Remaining compliant is part of maintaining visa status in the US.
- Not filing could **affect future immigration status** (like H1B, LPR)
- Fines, penalties and interest can accrue if the IRS are owed
- Might be missing out on a refund!
Using Sprintax
You should expect to receive a similar email from MIT’s International Students Office, which will include your link to Sprintax and your unique code shown in Step 3 of the email.
Log in with MIT Touchstone
Login page

✓ The link will bring you to the Sprintax landing page where you register an account for free
Using Sprintax Calculus?

• 1042-s will be available by logging into your Sprintax Calculus account (provided consented to receive electronically)

• On the same screen you download your 1042-S you will see a green button which provides access to Sprintax returns

• All data in TDS and Tax forms will be transferred over for you – just confirm info is correct and add any additional tax forms
Residency determination

✓ Once in the system you will be asked questions about your time in the US and your visa details
✓ We will confirm residency for tax purposes
✓ If you are resident for tax purposes we will stop you at this page and also recommend our partner for resident taxes, **Turbotax** (only if you are a resident for tax purposes).
Income details

- Income document information provided from W-2, 1042-S, 1099's

- Also note the Support button which you can use to access the FAQs or ask the live chat team questions as you go through the system

- OCR (Optical Character Recognition is here!)
State taxes

☑️ The system will also recognize if you need to file a state tax return

☑️ Some students may have multiple state filing requirements, depending on their circumstances
State taxes

An example is shown where the system has identified that the student has a state filing requirement from New York.
Order breakdown

✓ At the end of the process Sprintax will outline the order breakdown and the costs involved.
E-filing is now available for federal returns

✓ The option to e-file is here for federal tax returns!

✓ Students will see the option to proceed with federal e-filing if it is available to them

State tax returns, and Form 8843 alone will still need to be mailed

Instructions provided
Other Support
Nonresident Tax Webinar - MIT

Other support

∗ Educational tax videos on YouTube

∗ Blog content for tax awareness

∗ 24/7 live chat

∗ Tax workshops and webinars

∗ Recording and slides from today’s session will be available to you by Monday March 7th
THANK YOU!

Live Chat on the www.Sprintax.com
Where to Go for Help:

MIT and Sprintax are available to provide assistance as detailed below:

<table>
<thead>
<tr>
<th>Question</th>
<th>Contact</th>
</tr>
</thead>
<tbody>
<tr>
<td>I haven’t received my MIT-issued tax forms (W-2 or 1042-S). How can I get a copy?</td>
<td>Send email to MIT VPF HR/Payroll <a href="mailto:payroll@mit.edu">payroll@mit.edu</a></td>
</tr>
<tr>
<td>How do I submit my tax return via Sprintax?</td>
<td>Go to MIT International Students Office (ISO) to access Sprintax <a href="https://iso.mit.edu/maintaining-status/taxes/mit-sprintax/">https://iso.mit.edu/maintaining-status/taxes/mit-sprintax/</a></td>
</tr>
<tr>
<td>I need some help filing my taxes. Who can answer my tax questions?</td>
<td>• Sprintax (online assistance 24/7 via links on Sprintax forms)</td>
</tr>
<tr>
<td></td>
<td>• MIT VPF HR/Payroll and the ISO cannot provide individual tax guidance</td>
</tr>
<tr>
<td></td>
<td>• For professional assistance to file your income tax returns, beyond</td>
</tr>
<tr>
<td></td>
<td>using Sprintax resources, please consult the list of local tax</td>
</tr>
<tr>
<td></td>
<td>preparers available on the VPF How to Get Tax Help webpage</td>
</tr>
</tbody>
</table>
MIT Online Tax Resources

- MIT Office of the Vice President for Finance (VPF):
  https://vpf.mit.edu/tax-guidance-for-nonresident-aliens

- MIT International Students Office (ISO)
  https://iso.mit.edu/maintaining-status/taxes/

IRS Resources

- Foreign Students, Scholars, Teachers, Researchers and Exchange Visitors
  https://www.irs.gov/individuals/international-taxpayers/foreign-students-and-scholars

- Taxation of Nonresident Aliens
  https://www.irs.gov/individuals/international-taxpayers/taxation-of-nonresident-aliens

- U.S. Tax Guide for Aliens - Publication 519

- Withholding of Tax on Nonresident Aliens and Foreign Entities - Publication 515

- Taxable and Nontaxable Income - Publication 525

- U.S. Tax Treaties - Publication 901
MIT ISO Guidance

- Access the Taxes page on the ISO website: https://iso.mit.edu/maintaining-status/taxes

- MIT International Students may access the Sprintax software using Kerberos login starting today (March 1, 2022)
  - MIT ISO provides the Sprintax software for free to file the U.S. Federal income tax return
  - Sprintax provides access for filing state income tax returns in certain states (but students will be responsible for the cost to file state income tax returns)
    - Review the tax or revenue office for each state in which you resided during 2021 to verify if you need to file a state income tax return, what documents are required to be filed, and the filing deadline for that state

- Filing Recommendations
  - Assemble all of the documentation needed before you begin your income tax return filing through Sprintax (guidance available on the MIT Sprintax webpage: https://iso.mit.edu/maintaining-status/taxes/mit-sprintax/)
  - Be sure to file your income tax returns NO LATER THAN the deadline of APRIL 18, 2022 (Massachusetts Residents can file no later than April 19, 2022)
Thank You

Presentation Files and Video Recording (with captions) will be available on Monday, March 7, 2022.

Access those materials here: https://vpf.mit.edu/tax-guidance-for-nonresident-aliens