

# U.S. Tax Resident Workshop

for MIT Students  
and Scholars



# Presenter



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# Disclaimer



**This presentation provides general information for educational purposes only.**

The content does not constitute legal, business, accounting, or tax advice, nor should it replace independent professional judgment.

Please keep this in mind during our Q&A session.

# Agenda



**Residency Status**



**Filing Requirements**



**Tax Return Basics**



**FICA Taxes**



**Tax Treaties**



**MIT Tax Forms**



**State Filings**



**Tax Scams**



**Tax Preparation**



**Q&A**

# Residency Status



## Green Card Test

Lawful permanent resident at any time during the calendar year



## Substantial Presence Test

**183+ days** in the current calendar year

OR

**31+ days** in the current year AND 183+ days using 3-year weighted formula:  
*(current year +  $\frac{1}{3}$  prior year +  $\frac{1}{6}$  year before)*

**Neither test met + not a U.S. citizen → Nonresident for tax purposes**

## Key Reminders

- Use Sprintax Calculus to track visa history and presence days
- Nonresident spouses of residents may elect resident status
- Tax residency  $\neq$  immigration residency

# Substantial Presence Exemptions

## Who Qualifies?

### Student

Enrolled in MIT degree or non-degree programs (Visiting, Special, Exchange)

### Scholar

Postdocs, Lecturers, Visiting Professors, Scientists, Engineers, and MIT graduates now working at MIT

## Exemption Periods

**Students (F, J, M, Q visa):** 5 calendar years

**Scholars (J, Q visa):** 2 calendar years

*One day in the U.S. during a calendar year counts toward total exemption years*

Use Form 8843 to document your exemption period

Students may also qualify for the Closer Connection Exception

# Form 8843



## Statement for Exempt Individuals

Filed by exempt individuals (students and scholars) to claim days excluded from the Substantial Presence Test.

**Required even if you have no U.S.-source income and no filing obligation.**

Reports your visa type, exempt status, and days of presence in the U.S.

Must be filed annually during each exempt year.

# Residency Start Date

## How to Calculate

### Use the earlier of:

1. First day of U.S. presence in the year SPT is met
2. Date of receiving Green Card

**Remember:** When both tests are met in the same year, use the earlier date as your residency start date.

## Example: J-1 Student

**Arrived:** September of Year 1

**Exempt years:** Years 1–5 (5 calendar years)

**Year 6:** No longer exempt

If present from January 1 of Year 6:

→ Meets SPT on day 183

→ **Residency start date: January 1, Year 6**

# Dual-Status Residency

**What is it?** A tax year where you are a U.S. resident for part of the year and a nonresident for the other part. Applies when entering the U.S. after January 1 in the year SPT is met, or receiving a Green Card mid-year.

## Benefits

- Foreign income earned during nonresident period is exempt
- Eligible for tax treaty benefits during nonresident period

## Example: Enter U.S. March 1

**Jan 1 – Feb 28:** Nonresident

**Mar 1 – Dec 31:** Resident

# Filing Requirements — Nonresidents

**Must file Form 1040-NR if U.S. income exceeds \$0**

## **Nonresident Spouse & Dependents**

- Must follow the same filing requirements as the primary visa holder
- Each dependent files a separate Form 1040-NR if earning U.S. income
- Joint returns are not permitted for nonresidents

## **Special Consideration**

- A nonresident spouse married to a tax resident can elect resident status — evaluate carefully

# Filing Requirements — Residents

Use the IRS Interactive Tax Assistant to determine if you need to file:

<https://www.irs.gov/individuals/check-if-you-need-to-file-a-tax-return>

Filing thresholds depend on your filing status (single, married, head of household, etc.) and gross income.

# Filing Requirements — Why File & Deadlines

## Why File?

- Required if gross income meets the minimum threshold
- Claim refunds from overpaid federal taxes
- Claim refundable credits: earned income, child tax, education
- Form 1040 for federal returns
- Electronic or paper filing available

Check eligibility: IRS Interactive Tax Assistant  
[www.irs.gov/help/ita](http://www.irs.gov/help/ita)

## Key Filing Deadlines

**Tax year:** January 1 – December 31

**Federal return due:** Generally April 15

**Massachusetts due:** Generally April 15

**Other states:** Check respective state websites

*If April 15 falls on a weekend or holiday, the deadline moves to the next business day. Always confirm the exact date for the current tax year.*

# FICA Taxes — Residents

## What Is FICA?

Funds Social Security and Medicare  
Employee and employer each pay 7.65%  
(6.2% Social Security + 1.45% Medicare)

**Residents generally have the same FICA obligations as U.S. citizens.**

## Student FICA Exception

### Applies when:

- Enrolled at least half-time
- Working at their school/university
- On-campus work is incidental to studies

### Does NOT apply to:

- Off-campus employment
- Work for other employers
- Non-study-related positions

# FICA Taxes — Nonresidents

## Qualifying Employment

**On-campus:** Up to 20 hrs/week (40 during summer); includes RA/TA positions

**Off-campus:** Requires USCIS authorization and Practical Training approval if not MIT-based

## FICA Exemption Does NOT Apply To

- F-2, J-2, or M-2 spouse/child status
- Unauthorized employment
- Work unrelated to visa purpose
- Students who change to non-exempt immigration status

Nonresidents must pay FICA on U.S.-earned wages, but nonresident students qualify for FICA exemption on qualifying employment.

# FICA Taxes — Quick Reference Chart

Appointment	Tax Status	Registration	Visa Type	FICA?
Grad Student	n/a	n/a	n/a	<b>NO</b>
Undergrad	Nonresident	n/a	n/a	<b>NO</b>
Undergrad	Resident	Registered	n/a	<b>NO</b>
Undergrad	Resident	Ineligible to register	n/a	<b>YES</b>
Employee/Hourly	Nonresident	n/a	J1, F1, M1, Q1	<b>NO</b>
Employee/Hourly	Nonresident	n/a	All other	<b>YES</b>
Employee/Hourly	Resident	n/a	All visa types	<b>YES</b>

# ITIN — Individual Taxpayer ID Number

**Required for federal tax returns when you're not eligible for a Social Security Number (SSN).**

International students/scholars working on-campus may be eligible for an SSN — see the ISO website:  
<https://iso.mit.edu/employment/social-security-number-ssn/>

## **How to Apply for an ITIN**

- Use Sprintax Returns to access the ITIN application (Form W-7)
- Passport copy must be certified by a CAA, local IRS office, or home country passport office/embassy
- *Note: ISO does not currently provide CAA services*

CAA Locator: <https://www.irs.gov/individuals/international-taxpayers/acceptance-agent-program>

Sprintax ITIN Guide: <http://blog.sprintax.com/how-apply-itin-outside-us/>

# Reportable Income

Residents are taxed on worldwide income — from any location, U.S. and foreign.

Income Type	Tax Form
Salaries	W-2
Taxable fellowships, scholarships, grants	1042-S or none
Interest and dividends	1099
Royalties, prizes, awards	1099
Real estate rentals and sale proceeds	No form

# Income Source Rules

Income Type	Source Determined By
Salaries, wages, compensation	Where services performed
Business income (services)	Where services performed
Business income (inventory)	Where sold / produced
Interest	Residence of payer
Dividends	U.S. or foreign corporation
Rents / real property sales	Location of property
Royalties (patents, copyrights)	Where property is used
Personal property sales	Seller's tax home
Pensions	Where services earned the pension
Scholarships / Fellowships	Residence of payer (MIT = U.S.)

# Scholarships, Fellowships & Grants

## Non-Taxable (Qualified)

**Must be a degree candidate AND funds used for:**

- Tuition and enrollment fees
- Required books, supplies, and equipment

## Taxable Amounts

- Room, board, travel, research expenses
- Non-required equipment or services to MIT
- Service-conditional payments (e.g., RA stipends, postdoc fellowships)

## Tax Withholding

**Residents:** No withholding — you must report taxable portions on your return

**Nonresidents:** Subject to withholding

IRS tool: <https://www.irs.gov/help/ita/do-i-include-my-scholarship-fellowship-or-education-grant-as-income-on-my-tax-return>

# Scholarships — Withholdings & Responsibilities

## Withholdings

**Taxable scholarships/fellowships/grants:** No MIT withholding

**Service income (TA/RA):** Reported on W-2 with withholding

## Your Responsibilities

- Report non-qualified taxable amounts on your tax return
- Consider making estimated tax payments
- Obtain documentation proving income status:
  - Payment amount verification
  - Purpose of funds letter
  - Contact your department for needed documents

<https://www.irs.gov/help/ita/do-i-include-my-scholarship-fellowship-or-education-grant-as-income-on-my-tax-return>

# Scholarships & Grants — Nonresidents

Refer to the VPF chart for nonresident scholarship/fellowship/grant withholding rates and exemptions:

<https://vpf.mit.edu/by-topic/general-tax-information/common-income-types?active=215>

# Foreign Income & Assets



## Report Worldwide Income

- Investment income (royalties, interest)
- Real estate income/gains (U.S. & foreign)
- Rental income from foreign property



## Foreign Tax Relief

Foreign Tax Credit available via Form 1116

## Required Foreign Asset Reporting

**Form 8938:** Foreign assets exceeding \$50,000

**FinCEN Form 114 (FBAR):** Foreign accounts exceeding \$10,000 total (includes accounts with signature authority)

# Federal Estimated Tax Payments

## When Required

You must make estimated payments if:

- No withholding on income received
- Expected tax due is \$1,000 or more
- Prior year had a tax liability
- Must pay at least 90% of total tax owed

*If no prior year tax due, payments are not required.*

### Common Scenarios:

- Taxable scholarship/fellowship income
- Foreign-sourced income
- Self-employment income
- Investment income
- Part-time work outside of MIT

## Due Dates

**Q1: April 15 (current tax year)**

**Q2: June 15 (current tax year)**

**Q3: September 15 (current tax year)**

**Q4: January 15 (following year)**

*Note: Nonresidents pay only the last 3 installments (Q2–Q4)*

*If a due date falls on a weekend or holiday, it moves to the next business day.*

### How to Pay:

- EFTPS (Electronic Federal Tax Payment System)
- IRS Direct Pay

<https://www.irs.gov/payments/eftps-the-electronic-federal-tax-payment-system>

<https://www.irs.gov/payments/direct-pay>

<https://www.irs.gov/newsroom/basics-of-estimated-taxes-for-individuals>

# Tax Treaties

Tax treaties are agreements between the U.S. and foreign countries that may exempt specific types of income from taxation.

## Key Points

- U.S. residents generally cannot claim tax treaty benefits
- Exception — Treaty Savings Clause: some benefits continue after becoming a U.S. resident (e.g., UK treaty allows unlimited student benefits)
- All treaties except Greece and Pakistan include exception clauses
- Use Form 8833 to claim treaty benefits

*Contact VPF HR/Payroll ([nratex-payroll@mit.edu](mailto:nratex-payroll@mit.edu)) for treaty savings clause instructions.*

# MIT Distributed Tax Forms

Form	What It Reports	Issued By	How to Access
<b>W-2</b>	Salary/wages (excl. treaty-exempt)	VPF HR/Payroll payroll@mit.edu	Atlas (active) / MyADP.com (inactive) / Mail. Late Jan.
<b>1042-S</b>	Treaty-exempt wages; fellowship payments with fed. tax withheld	VPF HR/Payroll + Accounts Payable	Paper mail (late Feb) / Sprintax Calculus (if consented)
<b>1098-T</b>	Qualified tuition & related payments	Student Financial Services sfs@mit.edu	ECSI electronic — available Feb 1

<https://vpf.mit.edu/by-topic/tax-forms/types-of-tax-forms-you-may-receive-from-mit?active=217>

# Form 1098-T — Tuition Statement

## Purpose & Eligibility

- Reports qualified tuition/expenses (QTRE) and scholarships/grants received
- Used for education tax credits

### Who Gets It:

Resident and nonresident students whose QTRE exceeds scholarships/grants (out-of-pocket tuition payers)

**Residents:** Eligible for education credits

**Nonresidents:** Not eligible for education credits

## No Form Issued If

- Non-degree students (Visiting, Executive)
- Students with 100% scholarship/grant coverage

### Access Your Form:

Available late January on MITPAY

<https://vpf.mit.edu/irs-form-1098-t-tuition-statement-faq>

# Massachusetts Residents

## Domicile Test

- True, fixed, and permanent home in MA
- You can have multiple residences but only one domicile

Determined by factors like:

Home ownership, driver's license, voter registration, business ties, social connections, vehicle registration

## Physical Presence Test

- Permanent place of abode in MA
- Present 183+ days per year
- Partial days count as full days
- Military active-duty days excluded

# Student Residency



## U.S. Citizens

Generally resident of parents' state if:

- Parents provide over 50% of financial support
- Student remains financially dependent



## Non-U.S. Citizens

May be MA resident if:

- Living off-campus
- Not affiliated with MIT
- Maintain permanent place of abode

## Example: College Housing

Student in Cambridge during school year + Newton with parents → Newton = principal residence → college rent not deductible

# Massachusetts — Filing Requirements

## Form 1 (Resident Income Tax Return)

- Must file if gross income exceeds \$8,000
- Resident income includes both MA and non-MA sources

*(Nonresidents limit reporting to MA sources only)*

### Tax Credits Available:

- Income tax paid to other states
- Income tax paid to Canada only

# Massachusetts — Nonresidents & Part-Year

## Nonresidents

Not domiciled in MA and not meeting 183-day/abode test

- Taxed only on MA-source income
- Must file Form 1-NR if MA income exceeds \$8,000
- Business income may be allocated across states

## Part-Year Residents

Establish or terminate MA residency mid-year

- Taxed on ALL income while resident, MA-source income while nonresident
- Deductions prorated by residence period
- Must file if total income exceeds \$8,000
- **File Form 1-NR/PY**

# Massachusetts Health Insurance Requirement



## Coverage Rules

- All residents 18+ must have qualifying affordable insurance
- Insurance must meet minimum coverage standards
- Penalties apply for each month without coverage



## Reporting

- Report coverage on Schedule HC with your tax return
- Form MA 1099-HC supplied by:  
Employers, insurance companies, Health Connector,  
plan sponsors

# Massachusetts Estimated Tax Payments

## When Required

**Must pay if estimated MA tax exceeds \$400**

### Payment Schedule:

Four equal installments (25% each):

**Q1: April 15 (current tax year)**

**Q2: June 15 (current tax year)**

**Q3: September 15 (current tax year)**

**Q4: January 15 (following year)**

*Return due in the following year*

## Payment Methods

- Electronic Funds Transfer (EFT)
- Credit card via MassTaxConnect online system
- Mail with Estimated Tax Payment Voucher

### Late Payment Consequences:

- Monthly penalty: 1% of tax due
- Maximum penalty: 25% of amount due
- Interest charged on underpayments

<https://www.mass.gov/info-details/massachusetts-dor-estimated-tax-payments>

# General Requirements of Other States

## Resident Form

- 183+ days in state with place of abode
- Taxed on worldwide income

## Part-Year / Nonresident Form

- <183 days or no permanent abode
- Taxed on state-source income only

## Key Points

- Must file in each state where income is earned
- Tax credits often available for double-taxed income
- Example: CA/MA move requires filing in both states

<https://taxadmin.org/state-tax-forms/>

# Tax Scams — Protect Yourself

## Common Red Flags

- Demands for instant payment via gift cards, wire transfer, or crypto
- Unsolicited emails, texts, or calls requesting SSN, ITIN, or bank info
- .edu email impersonation targeting international students
- AI-generated phishing emails that appear official and personalized
- Fake tax preparers promising unusually large refunds

## Remember

**The IRS always communicates first by postal mail — never by phone or email.**

Report scams:

<https://www.irs.gov/newsroom/university-students-and-staff-should-be-aware-of-irs-impersonation-email-scam>

# Tax Preparation Resources

## Nonresidents

- Sprintax Returns: MIT-supported software for nonresident federal & state returns
- Sprintax Calculus: Track visa history, SPT days, and treaty eligibility

## Residents

- IRS Free File: Free software for eligible taxpayers ([www.irs.gov/freefile](http://www.irs.gov/freefile))
- VITA (Volunteer Income Tax Assistance): Free in-person help for qualifying individuals

## General

- VPF website: [vpf.mit.edu](http://vpf.mit.edu) — tax guidance for residents & nonresidents
- IRS tips: [irs.gov/newsroom/tips-to-help-taxpayers-choose-a-reputable-tax-return-preparer](http://irs.gov/newsroom/tips-to-help-taxpayers-choose-a-reputable-tax-return-preparer)
- This presentation is available on the VPF website

# Questions?

Thank you for  
attending!

**VPF Tax Website**

[vpf.mit.edu](http://vpf.mit.edu)

**HR/Payroll Tax Questions**

[nrtax-payroll@mit.edu](mailto:nrtax-payroll@mit.edu)