

# Taxes 2015

## From OIA

## Taxes

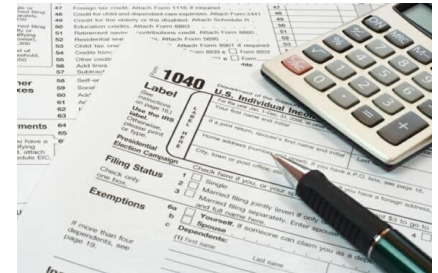
All international persons living in the U.S. are required to comply with the U.S. requirement to file federal and state tax "returns" and pay any required taxes by **April 15, 2015**. This newsletter and other resources provided by the Office of International Affairs are designed to assist you in fulfilling 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.

Our tax program Windstar is for non-immigrants completing non-resident tax forms.

Learn more at:

<http://go.iu.edu/nPp>

## Nonresident Tax Software



The Office of International Affairs provides IUPUI international students and scholars free access to the leading nonresident tax preparation software, **Windstar Foreign National Tax Resource**. You can use Windstar to complete your

federal tax forms on-line and print them, ready for filing. Windstar 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/5174.htm>.

State forms will also be available at the State Tax Workshop. Non-residents will complete the IT-40PNR.

Learn about the **Windstar Tax software** at:

<http://go.iu.edu/nPp>

You will answer questions and provide data about 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.

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## Do I Need to File Taxes?

All persons who received U.S. income in 2014 are required to file a U.S. tax return. Generally if you made less than \$3950 in 2014 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.

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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 2014.
  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. You should have received the 1042-S from the University Financial Management Services in February.

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. If you did not receive forms, you should contact [taxpayer@indiana.edu](mailto:taxpayer@indiana.edu)

## **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. If you have never activated your IUPUI email, the following website will help you: <https://itaccounts.iu.edu>

## **Nonresident vs. Resident Status for Tax Purposes**

The Windstar 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 substantial presence test found in IRS Publication 519: <http://www.irs.gov/publications/p519/index.html>. 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 2014.

However there are exemptions. 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 nonresidents 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 Windstar 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, Mexico, South Korea, or India (students only) 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.

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## Residents

If you are a *resident for tax purposes*, you will not be able to use Windstar. 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://apps.irs.gov/app/picklist/list/formsPublications.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/5174.htm>  
The resident state form is the IT-40.

## F-1 and J-1 Students:

- If you arrived in the U.S. in 2009 or before, you are considered a resident for tax purposes and should complete the U.S. resident tax forms.
- If you came in 2010 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

2014. 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 Windstar to complete your federal tax forms. For your state taxes, use IT-40PNR.

## J-1 Scholars, Professors, and Physicians:

- If you arrived in 2012 or before, you are considered a resident for tax purposes and should complete the U.S. resident tax forms.
- If you came in 2013 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 2014. 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 Windstar 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 2014, you are considered a resident for tax purposes and should complete

the appropriate resident tax form.

- If you entered the U.S. between January 2, and July 2, 2014, 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, 2014 and are in the U.S. for the first time since 2012, you are considered a nonresident for tax purposes. (Please note you will not be a non-resident if you changed status and fulfill the substantial presence test.)
- If you entered the U.S. after July 2, 2014, but this was not your first time in the U.S. since 2011 (you were in the U.S. for a portion of either 2012 or 2013), 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>.

## Frequently Asked Questions

**Why do I owe more taxes this year than last? Last year I didn't owe any.**

**Answer:** You probably made more U.S. income in 2014. Many tax treaties have an exemption limit and your U.S. income may have exceeded that amount this year.

**I have a 1098-T do I need this?**

**Answer:** No, non-residents for tax purposes do not need this form.

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

**Answer:** You need to complete the International Tax Questionnaire found at this website: <https://fms.iu.edu/files/6413/9940/6944/questionnaire.pdf> It indicates the attachments you will need to send with the form to the Financial Management Services Office in Bloomington or to IUPUI Payroll Office.

## Do You Need an ITIN for You or Your Dependents?

ITIN instructions have changed. If you had U.S. income (such as scholarship or fellowship) and you are not eligible for a social security number SSN you will need to apply for an ITIN.

For dependents to apply for an ITIN you must:

- Have U.S. taxable income,
- family members with you in the U.S. who are *not eligible for a U.S. Social Security Number*,
- you are from Canada, Korea, Mexico, or India (students only)

You may be able to reduce the tax owed by claiming your dependents as a tax exemption; an ITIN is

required.

Current ITIN procedures require you to send the original passports of you and your dependents with your ITIN application (W-7) and tax return. We do not recommend this. Therefore if you need an ITIN we would like for you to make an appointment with our office. You will have to request an extension for filing your taxes using form 4868. This will extend your filing date until June 15, 2015. We do recommend that you calculate your federal taxes with Windstar now however, so that if you do have a required tax payment, you can make this on time. If you owe taxes, even with an extension you still owe the amount by April 15, 2015 or you will owe with penalty later.

## TAX WORKSHOPS FOR NONRESIDENTS FOR TAX PURPOSES

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

### Federal Tax Workshops

Our office will provide 8 identical workshops using the Windstar software to help you complete your federal tax returns. State taxes will not be addressed in these sessions.

Friday, March 6, Education/Social Work (ES) 2119  
1:30-3:00 p.m.  
3:00-4:30 p.m.

Thursday, March 12, Education/Social Work (ES) 2119  
6:00-7:30 p.m.

Friday, March 13, Business/SPEA (BS) 3008  
8:30-10:00 a.m.  
10:00-11:30 a.m.  
1:00-2:30 p.m.  
2:30-4:00 p.m.

Wednesday, April 8, Education/Social Work (ES) 2119  
6:00-7:30 p.m.

You are welcome to use the Windstar 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 spaces.

### 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 4 tax workshops. Questions about federal taxes cannot be answered in these sessions.

Friday, March 27, Business/SPEA (BS) 2007  
10:00-12:00 p.m.  
1:00-3:00 p.m.

Friday, April 10, Business/SPEA (BS) 2007  
10:00-12:00 p.m.  
1:00-3:00 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 or you will not be able to prepare your state tax return at the workshop.