

# 2012 Tax Session

J1 Scholars and H1B Employees

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**CHICAGO**

Financial Services - Payroll

University of Chicago

February 22, 2013

# Steps to Tax Filing

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- 1.) Do I have a filing requirement for 2012?
- 2.) What is my tax residency status?
- 3.) What type of income did I have (if any?)
- 4.) What tax forms should I receive?
- 5.) What tax forms do I file?
- 6.) How do I complete the tax forms?
- 7.) How do I get assistance?



# Do I Have a Filing Requirement?

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- If you were physically present in the U.S. (any status but Tourist) in 2012 (for any length of time), you do have a filing requirement.

**YES**



- If you were NOT physically present in the U.S. in 2012, you have NO filing requirement.

**NO**



# TAX RESIDENCY

## RESIDENT VERSUS NONRESIDENT

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# Determining Tax Residency

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Tax Residency is determined by the Substantial Presence Test (SPT).

Count days of physical presence in the US. To “count” your days you use this calculation:

Current Year	x 1	_____
1 <sup>st</sup> Previous Year	x 1/3	_____
2 <sup>nd</sup> Previous Year	x 1/6	_____

If total equals **183 days** or more = Resident for Tax.

If total equals **182 days** or less = Nonresident for Tax.

# Determining Tax Residency

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## EXCEPTIONS to SPT

F or J students receive 5 “exempt” years. Not exempt from tax, but of counting physical days of presence in the U.S. towards SPT. (So, for first 5 years, the SPT total will be “0”).

J non-students receive 2 “exempt” years (of the past 6 years). (So, typically for the first 2 years, the SPT will be “0” – unless individual has had previous entries to the U.S. as an F, J, M or Q).

“Exempt” years are CALENDAR years, not years from date of arrival.

# Dual Status Individuals/Residency Elections

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- Bona Fide nonresident and resident in the same year.
- May file a special tax return called a Dual Status Return described in Publication 519.
- A dual status alien married to a U.S. citizen or to a resident alien may elect to file a joint income tax return with his/her U.S. citizen or resident alien spouse. Refer to "Nonresident Spouse Treated as a Resident" in Publication 519, U.S. Tax Guide for Aliens.
- A nonresident married to a U.S. citizen or to a resident alien may also elect to file a joint tax return with his/her spouse.

# Types of Income

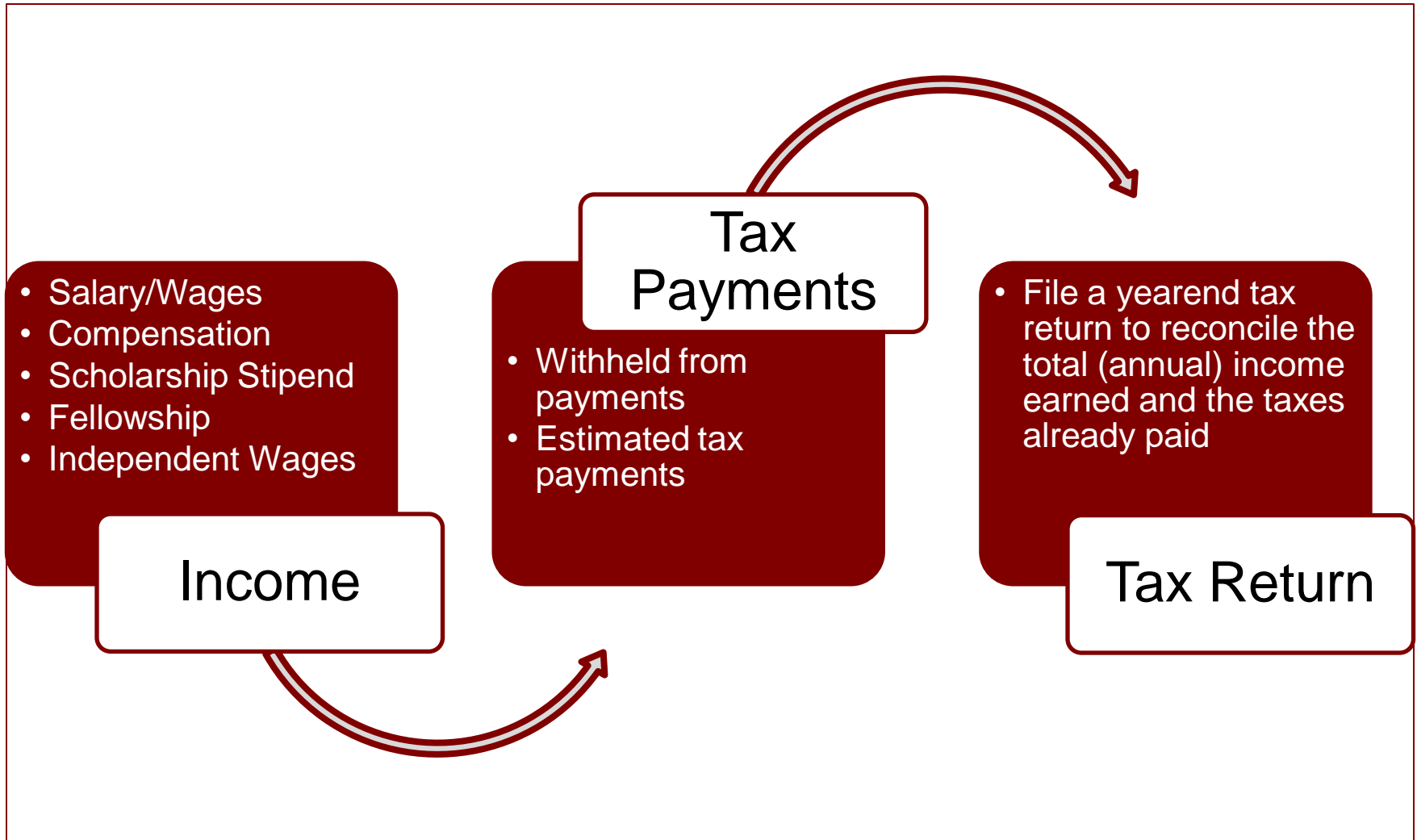
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# Taxes: How it works



# Employment/Compensation

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Provided services to the University for payment– paid on a monthly, biweekly or casual basis.

The University of Chicago employment taxes:

- **Federal** – taxes are assessed by the Income Tax Withholding Table
- **IL State** – 5% (slightly less if claiming allowances)
- **FICA/OASDI** – 6.20% (4.2% for 2012)
- **Medicare** – 1.45%

# Scholarship/Fellowship Stipends

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Funds given to support education/academic advancement or achievement.

The University of Chicago scholarship/fellowship taxes:

- **Federal** – taxes are withheld at 14% for nonresidents and 0% for residents. Residents may be required to pay quarterly estimated payments.
- **Illinois State** – taxes are not withheld at source, but individuals may be required to pay quarterly estimated payments and/or pay taxes when filing a tax return.
- **FICA/OASDI** – Not applicable
- **Medicare** – Not applicable



# Independent Contractor

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Similar to Employment, but providing services independently for business under terms of a contract.

The University of Chicago independent contractor taxes:

- **Federal** – taxes are withheld at 30% for nonresidents and 0% for residents. Residents may be required to pay quarterly estimated payments and/or pay taxes when filing a tax return.
- **Illinois State** – taxes are not withheld at source, but individuals may be required to pay quarterly estimated payments and/or pay taxes when filing a tax return.
- **FICA/OASDI** – Not withheld
- **Medicare** – Not withheld

# Tax Forms

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# What Tax Forms Should I Receive?

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W2

- Wages, Salary, Compensation (Employment earnings)

1042-S

- Foreign Royalty Payments
- Foreign Scholarship Stipend/Non-Degree Aid
- Foreign Independent Contractor Services
- Tax Treaty Benefits
- Foreign Prize/Award/Miscellaneous foreign payments

1099-  
MISC

- Rent
- Royalties
- Other Income
- Medical and Healthcare Provider
- Legal Fee
- Services .
- Settlements



# Tax Forms

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**W2** – Mailed to home address on Jan. 22. Electronic W2 are available in Employee Self Service (<https://ess.uchicago.edu>). Reprints of W2 forms = Antonella Wellman [w2form@uchicago.edu](mailto:w2form@uchicago.edu)

**1099** – Mailed to home address on Jan. 28. Reprints of 1099 forms = Anthony Belarmino [abelarmi@uchicago.edu](mailto:abelarmi@uchicago.edu)

**1042-S** – Mailed to home address on Feb. 19. Reprints of 1042S forms = Lerone Moore [leronemoore@uchicago.edu](mailto:leronemoore@uchicago.edu)

# Requesting a Duplicate Tax Form

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To request duplicate forms – the request must be in writing (email is fine) and include the following:

- Full Name
- Last 4 digits of SSN
- Date of Birth
- What the request is and year (e.g. 2012 W2)
- Current/Permanent Address
- If the form will be picked up or should be mailed





# FEDERAL TAX FILING

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2012 Deadline: April 15, 2013

Forms must be post-marked by this date, not received by the IRS

# Glacier Tax Prep – For Nonresidents

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- Available through the Office of International Affairs' website:  
<http://internationalaffairs.uchicago.edu/>
  - Please read all tax information on website before accessing Glacier Tax Prep and have all necessary paperwork available.
  - Glacier Tax Prep Process:
    - Create individual log in
    - Determine U.S. Tax Residency Status
    - Which Tax Form to use
    - Tax Treaty
    - Director of Academic Program
    - Refund
    - Check
    - Direct Deposit
    - Read all Instructions
    - Download Forms
    - Mail Forms
    - Information about State Filing
- Thomas Rosenbaum**  
**5801 S. Ellis Ave**  
**Chicago, IL 60637**



# Nonresidents for Tax

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- Can use Glacier Tax Prep
- Can also file on your own, or use a CPA, VITA or Tax Preparation Firm. (Just be sure they file you as a nonresident. Ask about knowledge of foreign tax matters)
- File using 1040NR or 1040NR-EZ and 8843.
- Do you need to File? <http://www.irs.gov/pub/irs-pdf/i1040nre.pdf>  
“Who Must File”
- OIA Website:  
<https://internationalaffairs.uchicago.edu/practical/taxes/nonresident.shtml>

# Nonresidents for Tax – Spouses (J2, F2, H4)

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If working (J2): Will need to file own federal and state tax return and form 8843.

If not working (F2, H4): Will only file 8843. Since no CNET ID is available, must download the 8843 from [www.irs.gov](http://www.irs.gov) and complete by hand. Do not submit this form in the same envelope as spouse.

# Residents for Tax

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- Cannot use Glacier Tax Prep
- Can use any avenue for filing such as Tax Filing Software; Certified Public Accountant (CPA); Tax Preparation Firm; IRS Free File, VITA or Yourself
- File using 1040; 1040-EZ; 1040A
- Do you need to file?  
<http://www.irs.gov/individuals/article/0,,id=96623,00.html>
- Can file jointly with a spouse and claim dependents (children)
- As residents for tax, able to claim any deduction/allowance/benefit available to U.S. Citizens
- OIA Website:  
<https://internationalaffairs.uchicago.edu/practical/taxes/resident.shtml>



# Residents for Tax

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## Claiming a Tax Treaty as a Resident for Tax

Resident tax forms do not specifically address claiming tax treaties as residents for tax. However, the IRS recommends the following:

A resident for tax must complete form 1040

- Enter ALL wage income on line 7
- On line 21 indicate the amount of tax treaty benefit in parenthesis (which indicates subtraction)
- On the dotted line 21 indicate the treaty article (e.g. US-China article 19)
- On line 22 you will subtract the amount from line 21 from the rest of your income to claim the treaty benefits

It is also recommended to either submit a memo stating your visa status, date of entry, expiration date and that you are eligible to claim the treaty benefit; or submit a copy of the treaty.

# Residents for Tax

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## **Claiming a Spouse and/or dependents that do not have an SSN or ITIN**

- 1.) Individuals who are not working are not eligible for an SSN, so you must apply for an ITIN.
- 2.) Complete W7 and attach appropriate documents per instructions for each individual who needs an ITIN
- 3.) Complete federal tax return
- 4.) Must mail completed W7 applications and completed 1040 to the W7 address. ITIN applications will be processed first, then the federal tax return will be forwarded for processing.
- 5.) Processing of tax return will take 8-12 weeks (4-6 for ITINs to be assigned)
- 6.) For Illinois state tax filing:
  - a.) You wait for the ITINs to be assigned (may need to file an Illinois tax filing extension)
  - b.) You do not claim the dependents

# ILLINOIS STATE TAX FILING

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2012 Deadline: April 15, 2013

Forms must be post-marked by this date, not received by Illinois  
Revenue



# Residents of Illinois

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**\*Lived and worked only in Illinois\***

- Can use any avenue for filing such as Tax Filing Software; Certified Public Accountant (CPA); Tax Preparation Firm; Illinois State Web File or Yourself
- Start with IL-1040 – Begin the IL-1040 with the adjusted gross income created on the federal tax return
- **Do you need to File?** See Illinois State Website for filing requirements

# Part-Year Residents

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**\*Lived and/or worked in Illinois AND another state\***

- A part-year resident taxpayer Must file Form IL-1040 and Schedule NR if:
  - you earned income from any source while you were a resident,
  - you earned income from Illinois sources while you were not a resident, or you want a refund of any Illinois Income Tax withheld.

There is a reciprocal agreement with the following states: **Iowa, Kentucky, Michigan, or Wisconsin**. If you are an Illinois resident you must file Form IL-1040 and include as Illinois income any compensation you received from an employer in these states. Compensation paid to Illinois residents working in these states is taxed by Illinois. You will not pay tax in the above states. *(If you were a legitimate resident of IL and reciprocal state, you will need to file a Schedule NR).*

- Use form IL-1040 AND Schedule NR. (Or Schedule CR)

# Part-Year Residents

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**\*Lived and/or worked in Illinois AND another state\***

- If you lived/worked in another state (**other than Iowa, Kentucky, Michigan, or Wisconsin**) – You need to investigate that state's filing requirement.
- **States without State Tax:** Alaska, Florida, Nevada, New Hampshire, South Dakota, Tennessee, Texas, Washington, Wyoming
- There is local tax in some cities/townships/villages.



# Nonresident of Illinois

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- **A nonresident taxpayer:** You were not a resident of Illinois at any time, but received income from Illinois sources. You must file Form IL-1040 and Schedule NR, if you earned enough taxable income from Illinois sources to have a tax liability or you want a refund of any Illinois Income Tax withheld in error. You must attach a letter of explanation from your employer.
- If you were in Illinois and did not have any income from Illinois sources, you may not have an Illinois filing requirement.

# Resources

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# Final Notes

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- MAKE COPIES OF TAX FORMS!!!
- Spouses and Children (regardless of age) may need to file a form 8843 if they are in nonresident tax status.
- If you don't have a SSN or ITIN, must apply for ITIN when filing a 2012 tax return.
- Always read over instructions or ask questions. An incorrect tax filing can cause future issues with USCIS.



# Resources for Federal Filing

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IRS: [www.irs.gov](http://www.irs.gov)  
(800) 829-1040

IRS - Chicago Office:  
230 S. Dearborn St. Chicago, IL 60604  
(312) 566-4912  
Monday-Friday - 8:30 a.m.-4:30 p.m.

Taxpayer Advocate:  
(312) 566-3800 or (877) 777-4778

# Resources For Illinois State Filing

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Illinois State Revenue Office

<http://www.revenue.state.il.us/Individuals/index.htm>

(217) 782-3336

Chicago Office:

James R. Thompson Center

Concourse Level

100 West Randolph Street

Chicago, Illinois 60601-3274

(800) 732-8866

Hours: 8:30 am to 5:00 pm





# Resources for University Payroll Questions

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