

## U.S. INCOME TAX FREQUENTLY ASKED QUESTIONS

**PLEASE NOTE: F-1 and J-1 students should consult with the International Office at their College or University for information on taxes and scholarship or fellowship stipends.**

Cleveland Clinic GME Employees are not tax professionals and are not permitted to provide detailed guidance or information on specific or individual tax situations. All questions regarding forms and your personal taxes should be directed to the Internal Revenue Service or a licensed tax professional.

The Internal Revenue Service has a comprehensive section for international taxpayers on their website:  
<http://www.irs.gov/Individuals/International-Taxpayers>

**1. Do I have to pay taxes on my fellowship or pay from a US source?**

US tax law considers any income a person receives from US sources to be taxable. If you are considered a non-US person for tax purposes, the maximum tax required on your income must be withheld from your pay.

**2. Will I get tax treaty benefits?**

In order to get tax treaty benefits, you must:

- a. Be a tax resident of a tax treaty country.
- b. Have a US based tax identification number or social security number
- c. Submit the appropriate completed IRS Form(s) to claim the benefit

**3. Is my tax residence country the same as my citizenship country?**

For tax treaty benefit purposes, an individual's foreign tax residence determines whether or not a tax treaty is available. Citizenship does not determine tax treaty benefits. However, U.S. citizenship will disqualify a dual citizen for treaty benefits even if he is a resident of a tax treaty country.

An individual's country of tax residence is generally determined by the address of the individual's permanent home or the permanent home of the individual's parents and where the individual pays taxes as a resident. Taxation as a resident, although it varies by country, means that the individual's worldwide income is subject to tax or is used in the tax formula for determining the marginal rate of tax. Most countries have tax residency rules based on either domicile or physical residence or both that will cause an individual who has a permanent home in a country to become a tax resident there. For a list of tax treaty countries, see <https://www.irs.gov/businesses/international-businesses/united-states-income-tax-treaties-a-to-z>

**4. Why do I not get benefits when all my friends, in the exact same situation, do?**

Each person's situation is unique even if most variables are similar. You should discuss your tax questions with a licensed tax professional.

**5. What is a nonresident alien for tax purposes (NRA) vs. a resident alien for tax purposes (RA)?**

Whether or not you are an NRA or an RA is determined by the number of days you have been in the U.S. The IRS uses the Green Card Test and the Substantial Presence Test to determine your tax status. See #7 for the formula to determine tax status.

**6. What is the difference between an IRS Form W-9 and IRS Form W-8Ben?**

A person who completes and signs the W-9 is saying he should be treated like a U.S. person for tax purposes in that year. An RA (see#7) in the current year signs a W-9. A person who completes and signs the W-8Ben is saying he should be treated like a foreign person for tax purposes in that year. An NRA in the current year signs a W-8Ben.

**7. Am I an NRA or RA this year?**

A W-9 certifies you should be treated like a U.S. person for tax purposes in the current year. You can be a resident alien for "tax purposes" and not be a resident of the U.S. for "immigration purposes". Use the Green Card Test and Substantial presence test to determine whether you are considered a resident alien or nonresident alien.

**Green Card Test**

Are you an "immigrant" (Lawful Permanent Resident) of the U.S. under the immigration laws of the United States? Aliens who are immigrants are resident aliens for tax purposes, under the condition that they spend at least one day in the United States. If you answered yes to the above question, you do not need to proceed to the questions below.

**Substantial Presence Test**

You must pass both the 31 day and 183 day test.

- 31 day test: Were you present in the U.S. for 31 days during the current year?
- 183 day test:
  - A: Current year physical days in the U.S x 1 = \_\_\_\_\_ days
  - B: First preceding year physical days in the U.S. x 1/3 = \_\_\_\_\_ days
  - C: Second preceding year physical days in the U.S. x 1/6 = \_\_\_\_\_ days
  - D: Add A,B & C; Total Days in the U.S. = \_\_\_\_\_ days

If line D equals or exceeds 183 days, you have passed the 183 day test.

If you are an F-1 or J-1 student, your physical days during your first five calendar years while here as a student are exempt. You get this benefit once. You do not get an additional 5 years if you re-enter the U.S. as a student again. If you are a J-1 research scholar, two of every last six years are exempted from counting days. If, during that time, you were a student and had exempted years, those will count towards your two years.

**Source:** <https://www.irs.gov/individuals/international-taxpayers/substantial-presence-test>

## 8. What is the FICA exemption? What is Medicare?

It is shown on your pay as FICA or OASDI and is more commonly known as Social Security Tax. It is a retirement fund vehicle and is assessed as a percentage of your salary/wages. Certain groups may qualify for an exemption from the Social Security Tax.

Medicare Tax is medical insurance plan for retirees. It is shown on your pay as Medicare. Certain groups may qualify for an exemption of this tax.

**Resident aliens**, in general, have the same liability for Social Security/Medicare Taxes that U.S. Citizens have.

**Nonresident aliens**, in general, are also liable for Social Security/Medicare Taxes on wages paid to them for services performed by them in the United States, with certain exceptions based on their nonimmigrant status. The following classes of nonimmigrant and nonresident aliens are exempt from U.S. Social Security and Medicare taxes:

- J-visas and Q-visas. Nonresident Alien scholars, professors, teachers, trainees, researchers, physicians, au pairs, summer camp workers, and other non-student aliens temporarily present in the United States in J-1, or Q-1/Q-2 nonimmigrant status are exempt on wages paid to them for services performed within the United States as long as such services are allowed by USCIS for these nonimmigrant statuses, and such services are performed to carry out the purposes for which such visas were issued to them.
  - Exempt Employment includes:
    - Employment as a professor, teacher or researcher.
    - Employment as a physician, au pair, summer camp worker, or any other non-student category of exchange visitor.
  - Limitations on exemption:
    - The exemption does not apply to spouses and children in J-2, or Q-3 nonimmigrant status.
    - The exemption does not apply to employment not allowed by USCIS or to employment not closely connected to the purpose for which the visa was issued.
    - The exemption does not apply to J-1, or Q-1/Q-2 nonimmigrants that change to an immigration status which is not exempt or to a special protected status.
    - The exemption does not apply to J-1, or Q-1/Q-2 nonimmigrants who become resident aliens.
- H-visas. Certain nonimmigrants in H-2 and H-2A status are exempt as follows:
  - An H-2 nonimmigrant who is a resident of the Philippines and who performs services in Guam;
  - An H-2A nonimmigrant admitted into United States temporarily to do agricultural labor.

## Totalization Agreements

The United States has entered into agreements with several nations called [TOTALIZATION AGREEMENTS](#) for the purpose of avoiding double taxation of income with respect to social security taxes. These agreements must be taken into account when determining whether any alien is subject to the United States Social Security/Medicare tax.

Foreign scholars, teachers, researchers, trainees, physicians, au pairs, summer camp workers, and other non-students in J-1, Q-1 or Q-2 nonimmigrant status who have been in the United States less than two calendar years are still NONRESIDENT ALIENS and are still exempt from social security/Medicare taxes. However, foreign scholars, teachers, researchers, trainees, physicians, au pairs, summer camp workers, and other non-students in J-1, Q-1 or Q-2 nonimmigrant status who have been in the United States more than two calendar years are RESIDENT ALIENS and are liable for social security/Medicare taxes. When measuring an alien's date of entry for the purposes of determining the two calendar years mentioned above, the actual date of entry is not important. It is the calendar year of entry which is counted toward the two calendar years. Thus, for example, a foreign teacher who enters the United States on December 31, 2009 counts 2009 as the first of his two years as an "exempt individual."

**Source:** <https://www.irs.gov/individuals/international-taxpayers/alien-liability-for-social-security-and-medicare-taxes-of-foreign-teachers-foreign-researchers-and-other-foreign-professionals>

## When do I claim my tax treaty exemption benefit?

9. You claim your tax treaty benefit exemption when filing your income tax return prior to April 15. You must complete and submit Form 8833 with your income tax form (forms beginning with 1040).

## Face-to-face Tax Help

IRS Taxpayer Assistance Centers are your source for personal tax help when you believe your tax issue cannot be handled online or by phone, and you want face-to-face assistance.

If you need to resolve a tax problem, have questions about how the tax law applies to your individual tax return, or you're more comfortable talking with someone face-to-face, visit your local Taxpayer Assistance Center where you can spread out your records and talk with an IRS representative across the counter. No appointment is necessary - just walk in. If you prefer, you may call a local number (see chart, below) to learn about available and alternate services, and to reschedule appointments with IRS personnel. If you have an ongoing, complex tax account problem or a special need, such as a disability, an appointment may be requested. All other issues will be handled without an appointment.

**Note:** Before visiting your local office click on the link in the chart below to see what services are available. Services may vary from site to site. You can get these services on a walk-in, non-advance appointment basis.

**Caution:** Many of our offices are located in Federal Office Buildings. These buildings may not allow visitors to bring in cell phones with camera capabilities.

Multilingual assistance is available in every office. Hours of operation are subject to change.

Cleveland	1240 E. Ninth St. Cleveland, OH 44199	Monday-Friday 8:30 a.m.-4:30 p.m.  <a href="http://www.irs.gov/uac/Contact-My-Local-Office-in-Ohio">http://www.irs.gov/uac/Contact-My-Local-Office-in-Ohio</a>	(216)522-4048
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## Free Tax Advice Programs

VITA (Volunteer Income Tax Assistance) is generally provided free of charge to individuals who make less than \$52,000/year. To find a location near you visit this website: <http://irs.treasury.gov/freetaxprep/>

## Tax Preparation Services

Glacier Tax Prep Online [http://www.arcticintl.com/qtp\\_usage.asp](http://www.arcticintl.com/qtp_usage.asp) cost approx.: \$39.95

NR Tax Return: <http://www.nrtaxreturn.com/Default.aspx> cost ranges from \$6.95 to \$24.95 depending on the level of service you request

U.S. Internal Revenue Service: The IRS has partnered with several organizations to assist taxpayers in preparing and filing their tax returns. This article details the program and provides links to the tax preparation services: <https://www.irs.gov/newsroom/free-help-preparing-tax-returns-available-nationwide>

## **Disclaimer**

This information has been gathered from the Internal Revenue Service and other sources of information readily available to the public. **The listing of tax preparation services is in no way a recommendation or endorsement of these services by Cleveland Clinic or Graduate Medical Education.** International trainees are encouraged to research and investigate any tax preparer and the U.S. tax regulations.