

TAX INFORMATION FOR NEWCOMERS

As an international student, researcher, or faculty member at Harvard, it is important that you be aware of your U.S. income tax obligations. U.S. tax laws distinguish between residents and non-residents for U.S. tax purposes. Non-residents only pay taxes on U.S. sourced income, while residents follow the same tax rules as U.S. citizens and pay taxes on their worldwide incomes. Most incoming F and J visa holders are considered non-residents (students for the first five years in the United States and J-1 scholars for the first two years in the United States).

The U.S. tax system is organized according to the calendar year and is a pay-as-you-go system, which means that taxes may be deducted from salaries, stipends, and scholarships if these funds are from a U.S. source. In most cases, taxes are automatically withheld from your pay (or charged to your term bill if you receive a Harvard scholarship). Your available income after taxes, therefore, may be less than anticipated as you may be subject to federal, state and/or Social Security taxes that can range from 14-30% of your total income. The amount of taxes you will pay will depend on the type of income you receive and your tax status in the United States.

Tax Treaties: There are many tax treaties between the United States and other countries. Such treaties may exempt earnings, scholarships, and stipends from taxes. Students receiving scholarships from Harvard will be sent information by e-mail from the Student Receivables Office, which includes information about the countries that have tax treaties with the United States. Researchers and faculty paid by Harvard must visit the University Financial Services (UFS) Customer Relations Group for tax related information (see below). Please note: In order to claim a tax treaty benefit one must have either a Social Security Number (SSN) or an Individual Tax Identification Number (ITIN).

UFS Customer Service Group. The University Financial Services Customer Service Group is located at 1033 Massachusetts Ave., 2nd floor (phone number 617-495-8500, email nrtax_ufs@harvard.edu). The Customer Service Group helps foreign nationals determine their tax residency status and apply for tax treaty benefits. Determining tax residency is important because it affects:

- Tax treaty eligibility
- Amount of tax withheld from payments made by the University
- Type of U.S. tax reporting documents to be received and filed

Who should visit the UFS Customer Service Group? All individuals expecting to receive payments from the University, including fellowships or other stipend income, compensation, and other payments for services should visit this office. Please note that if the only “payments” from the University received by an undergraduate or graduate student are scholarship amounts applied directly to the student’s term bill, the student does not have to visit this office.

When should a foreign national visit the UFS Customer Service Group?

- Employees (including student employees) – after they have moved in, started working and received their Social Security Number
- Non-employee fellowship and stipend recipients and recipients of non-employee service payments – prior to receiving their first payment from the University (if possible).

Filing Tax Returns: Many of you may not realize that you will have to complete U.S. tax forms. All F and J visa holders (including F-2 and J-2 family members) must complete a Form 8843 annually regardless of whether or not they have incomes. The filing of Form 8843 confirms one's non-resident tax status in the United States. Federal and state income tax forms are completed annually in the United States. F and J visa holders are required to complete federal income tax forms only if they had U.S. source income. Income includes salaries from jobs, scholarships, stipends, and/or grants from Harvard or any other U.S. organizations, as well as dividends from a U.S. company. Tax forms must be completed and submitted to the Internal Revenue Service (IRS) between January 1 and April 15 for the previous tax year (2008 tax forms will be due by April 15, 2009). Tax forms must be completed even if a tax treaty exempts you from paying any U.S. taxes.

Tax Preparation Assistance: It is your responsibility to file these tax forms, but to help guide you through the tax filing process the HIO has purchased **CINTAX**. **CINTAX** is a web based tax return preparation software designed exclusively for international students, scholars, and their dependents who are non-residents for tax purposes. Most of our international students and J researchers would fall into this non-resident category. **CINTAX** will determine which forms you need to complete and will prepare them for you as you answer questions.

In addition to **CINTAX**, the HIO has hired a **tax attorney** to create a web site that addresses issues not covered by **CINTAX**. These include federal resident returns and dual status returns, as well as Massachusetts state returns for both resident and non-residents. The site includes sample tax returns but does not complete the forms for you. It is available to anyone with a valid Harvard ID and PIN through our web site at www.hio.harvard.edu. The HIO web site will be updated in early 2009 with the most up-to-date tax information.

Scholars who hold visas such as H-1B, O-1, TN, or F-1 OPT may or may not be considered non-residents for tax purposes, depending how long they have been in the United States. **CINTAX** will help you determine if you are a resident or non-resident for U.S. tax purposes. **CINTAX** can only help prepare federal non-resident tax forms.

If you are employed in the United States, your employer will send you a statement of earnings, called a Form W2, by the end of January 2009 that details your 2008 income and any taxes withheld during the year. If the amount of taxes withheld from you is more than what is required of you, you will receive a refund when you file the tax forms. If insufficient taxes were withheld, you would pay the owed amount when filing the tax forms. If you receive benefits of a tax treaty for employment, scholarship or fellowship income, you will receive a Form 1042S in March that details your 2008 income and treaty benefits. Be sure to keep copies of all your tax documents. If you are leaving Harvard before the end of 2008, be sure the Payroll Office has your proper mailing address so that you will receive the necessary tax documents.



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