



Nonresident Alien Tax Information

California State University, Stanislaus is required by federal law to withhold U.S. tax on most payments made to or on behalf of a nonresident alien, and report all such payments, whether taxable or exempt, to the Internal Revenue Service. The payment types which require tax withholding and reporting include, but are not limited to:

- Compensation - Performing Services for Payments including Employment
- Travel Reimbursements
- Prizes/Awards
- Scholarships and Fellowships
- Royalties and Commissions

The University works with Arctic International LLC, an international tax consulting firm, specializing in nonresident alien tax issues to develop procedures to ensure compliance with all applicable tax laws related to such payments made to nonresident aliens.

The University is committed to ensuring full compliance with all applicable U.S. tax laws.

Contact: Jim Phillips is the Stanislaus State Nonresident Alien Tax Specialist and you can reach him at 209-667-3241. Please be aware that he is not allowed to answer any questions regarding personal tax matters.

Foreign Nationals

A foreign national is anyone who is not a citizen or a legal permanent resident of the United States. Foreign nationals have two tax classifications: nonresident aliens and resident aliens.

Apply in order

1. Green Card Test: Should the foreign national have a Green Card or a Legal Permanent Residence Card (USCIS I-551), the foreign national is U.S. Resident for income tax purposes.

2. Substantial Presence Test: This test consists of two parts.

31 Day Test: If the foreign national is present in the United States for 30 days or less *the entire calendar year*, then the foreign national is a Nonresident alien for U.S. tax purposes.

183 Day Test: Add the following:



1. The number of days present this year.
2. The number of days present last year multiplied by 1/3
3. The number of days present two years ago multiplied by 1/6

If the sum is 183 days or greater than the foreign national is a Resident Alien for income tax purposes. Otherwise, the foreign national is a Nonresident Alien for tax purposes.

Some important exceptions:

1. Students who are in the United States with an immigration status of F, J, M, or Q may be exempt from counting days for the Substantial Presence Test for up to five years. IRS Form 8843 may be required.
2. Teachers who are in the United States with an immigration status of J or Q may be exempt from counting days for the Substantial Presence Test for up to two years, depending on their history for the current and last six years.
3. If a foreign national is merely commuting between the United States and Canada or Mexico, each day of commute is not subject to the Substantial Presence Test.

[Back to top](#)

What you should know about foreign nationals:

Glacier, an on-line tracking software, will be used to track payments for nonresident aliens. Glacier provides accurate tracking of each payment as well as required end of year tax forms at the end of the calendar year. Glacier was developed by tax professionals at Arctic International LLC.

- There are restrictions for foreign national employees whom are hired by Stanislaus State. Each is required to complete a "default" EAR (Employment Action Request) as follows: Single and 1 Allowance. The "default" EAR is enforced and is pending on a tax analysis for each employee.
- School Departments: If you are planning to pay a foreign national any kind of stipend, consider contacting me to determine any tax implications of each transaction. Each situation is unique.
- Stipend vs. Scholarship: Stipends involve the student performing required services in order to receive payment; scholarships do not involve any required services in order to receive payment. Prizes are not scholarships. Please see the student section below for more details.
- The United States has income tax treaties with 65 countries, all designed to eliminate double taxation of the income the foreign nationals earn. Each tax treaty is unique.



- There are three forms to claim tax treaty benefits: Form 8233, generally for wages; Form W-8BEN for scholarships; and Form W-9, benefits geared towards resident aliens. You can find these forms at www.irs.gov.

[Back to top](#)

Students - Scholarships

Scholarships: Not all scholarships are tax-free. The taxability of scholarships is dependent on what the scholarship pays.

Qualified Expenses under Internal Revenue Code Section 117

- Tuition
- CSU fees
- Books and supplies required for classes

There is no tax on these scholarships for the recipient.

What about taxable scholarships? Taxable scholarships include:

- Room and Board
- Unrestricted Cash Payments;
- Travel;
- Miscellaneous, Food, Everyday Supplies

In order for a payment to qualify as a scholarship, the student cannot be required to perform any kind of service. For foreign nationals, Stanislaus State may be required to withhold 14% or 30% of any taxable scholarship.

Feel free to contact Jim Phillips, Nonresident Alien Tax Specialist, (209-667-3241) or Jphillips@csustan.edu with any questions, but please be aware that he is not allowed to answer any questions regarding personal tax matters.

[Back to top](#)