

New Jersey Institute of Technology

Non-Resident Alien Tax Information
2016

Who is a Nonresident Alien (NRA)?

1. Is not a U.S. Citizen
2. Has not passed the substantial presence test. Please refer to <https://www.irs.gov/individuals/international-taxpayers/substantial-presence-test>
3. NJIT uses International Tax Navigator system to calculate the number of days present in USA as it can be complicated

What is a tax treaty?

The U.S. maintains income tax treaties with a number of foreign countries. Under these treaties residents of foreign countries are taxed at a reduced rate or are exempt from U.S. income taxes (up to a specified amount within a limited time frame) on the income earned in United States.

Please refer to IRS guide for U.S Tax Treaties

<https://www.irs.gov/pub/irs-pdf/p901.pdf>

Tax treaty exemptions

If you are a student, trainee, teacher, or researcher and you perform services as an employee, you may be exempt from US income tax under a tax treaty exemption. Many treaties limit the number of years you can claim an exemption. For students, the limit is usually 5-6 years. For teachers and researchers, the limit is 2-3 years depending on your country of residence. Once you reach the limit tax treaty can not be claimed.

How to apply for a Tax Treaty

- NJIT uses FNIS (Foreign National Information System) to determine the appropriate tax withholding requirements.
- At the beginning of each semester, Payroll sends an email to the international employees with the link to FNIS system.
- Employees must use the assigned password from the email to input personal data and immigration information.
- International Tax Navigator runs the analysis based on the information entered in the system and determines tax treaty eligibility.
- If eligible the Tax Navigator System will generate the specific forms: Form 8233 or Form W-9.
- Nonresident alien must bring supporting documentation (Passport) and submit a completed Form 8233 accompanied by certifying statement for the treaty article under which the tax treaty is being claimed to the Payroll Office.
- Completed Form 8233 and accompanied statement are sent to IRS for verification. Once approved Payroll will process the tax treaty which may take up to 20 business days.
- Form 8233 is valid for only one year. A new Form 8233 must be submitted annually.

Year End Earnings Statement

- Employees can receive a Form 1042-S, a Form W-2 or both at year end
- If you are not eligible to claim "exempt" under a tax treaty, all of your income will be reported on a Form W-2.
- If all of your income was "exempt" under a tax treaty, all of your income will be reported on a Form 1042-S
- If you were "exempt" due to a tax treaty, but some of your income was taxed because you reached the tax treaty limit, you will receive a Form W-2 and a Form 1042-S.
- Forms W-2 will be available no later than January 31st. Forms 1042-S will be available no later than February 15th. Employees must file a tax return at year end. For assistance filing your tax return, please contact the Office Of Global Initiatives.