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A **quick guide**
to US taxes for nonresidents

Tax can be a tricky topic for any nonresident to master.

This is especially true when tax-filing season rolls around.

After all, every nonresident in the US is required to file tax documents before the 18 April deadline.

And it can be hard to file a tax return correctly if you've never done so before.

With that in mind, in this quick guide, we've covered everything you need to know about tax returns, refunds, and how to stay in the taxman's good books this tax season!

Who must file a tax return?

If you are a nonresident in the US you must file a tax return with the IRS.

Filing is one of the conditions of your visa. It's also the law.

Therefore, it's important to fulfil your tax obligations and file your documents before the tax deadline.

Even if you had no income, you must still file **Form 8843** with the IRS.

What is the difference between Federal and State tax?

If you earn an income in the US you will be required to file a Federal tax return.

However, in addition to Federal tax, there are also state taxes and local taxes. Depending on where you lived and worked, you may also be required to file a State tax return.

Does my tax residency status matter?

The most common mistake that nonresidents make when filing a tax return is to file as a 'resident'.

That's why it's important to determine your tax residency status before you sit down to file your tax return.

A **resident alien** is typically taxed on their worldwide income, the same as a US citizen. Resident aliens must report all types of income and the amounts earned inside and outside the US.

Meanwhile, a **nonresident alien** must pay federal tax on income earned in the US and/or income connected with US trade or business.

Nonresident aliens are also legally required to file a tax return to account for each year they earned income in the US.

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Am I a resident or nonresident alien?

To be considered a resident for tax purposes you must meet the Substantial Presence Test or Green Card Test for the calendar year.

Alternatively, you will be considered a nonresident for tax purposes if you have not passed the substantial presence test or you do not have a green card.

What is the Substantial Presence Test?

In order to pass the Substantial Presence Test, you have to be physically present in the US on at least:

- 31 days during the current year, and

- 183 days during the 3 year period that includes the current year and the 2 years immediately before that, counting:

  o All the days you were present in the current year, and

  o 1/3 of the days you were present in the first year before the current year, and

  o 1/6 of the days you were present in the second year before the current year.

Tip:

You can easily determine your US tax residency status for free by creating a Sprintax account!

What tax forms do I need to file?

The type of tax documents you need to file will depend on whether or not you earned income during the tax year.

1040-NR Form

This is the Federal tax return that nonresidents should file to account for income earned in the previous tax year.
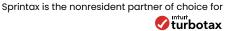
Form 8843

This form is used by nonresidents who wish to exclude days present in the US for the purposes of the Substantial Presence Test. This may be because they were an exempt individual or they were unable to leave the US due to illness. Nonresidents must also file this document if they did not earn income during their time in the US or are not required to file a tax return.

When is the tax filing deadline?

The deadline to file your tax documents for the 2021 tax year is **18 April 2022**.

But why wait for the last-minute tax deadline rush to file?

As soon as you receive your income documents from your employer you will be ready to file your tax return.

What do I need in order to file a tax return?

In order to complete your tax return, you will need to have the following documents on hand:

- ✓ Your passport;
- ✓ Your Visa/Immigration Status information, including Form DS-2019 (for J visa holders) or Form I-20 (for F visa holders);
- ✓ All income forms: W2 forms, 1042-S and/or 1099;
- ✓ Social Security Number (SSN) or Individual Taxpayer Identification Number (ITIN). If you do not have an ITIN, Sprintax can help you get one!;
- ✓ A copy of last year's return (only if you filed one with the US tax authorities).

Why is a clean tax record important?

It is very important to be tax compliant during your time in the US.

Firstly, if you do not file your tax documents correctly by the deadline, you may incur fines or penalties from the IRS.

What's more, if you are not IRS compliant, you may jeopardise your future US visa applications.

What happens if I don't file my tax return?

It's important to file your tax documents to ensure that you have a clean tax record with the IRS.

If you have no tax liability, you should not worry about penalties and fines – the IRS will not penalize you if you do not file a return, although you must still file **Form 8843**.

However, if you owe money to the tax office, you may incur late-filing fees and/or penalties if you miss the tax deadline.

Will I be due a tax refund?

Many nonresidents in the US are entitled to claim a tax refund.

In order to check if you are due a refund (and claim it back), you must first file a tax return.

There are many reasons why you may be due tax back and, by preparing your tax documents with Sprintax Returns, you can rest assured that you are claiming every tax entitlement that you're due and that you receive your maximum tax refund.

Get started with Sprintax

1. Go to sprintax.com/returns to create your account
2. Fill out our short questionnaire
3. Our software will complete your tax forms!

By using **Sprintax Returns,** you can guarantee that you are 100% US tax compliant. We will prepare every document that you need and ensure that you don't pay any more tax than you need to.

- ✓ 100% IRS tax compliance guaranteed;
- ✓ Prepare your US tax return easily online;
- ✓ You will receive your maximum US tax refund;
- ✓ 24/7 online Live Chat tax support.

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