Receiving payments in the U.S.

ANGELA G WINN
NONRESIDENT TAX ANALYST
Agenda

- Payment Requirements
  - Direct Deposit
  - I-9/E-Verify
  - Foreign Nationals Information System (FNIS)
- myHR
- Taxes
  - Nonresidents
  - Residents
- Taxpayer Identification Numbers
- Extending Your Status
- Annual Tax Returns
Office of Human Resources, HR Ops/ Payroll Division
- 720 University Place, 2nd floor in Evanston
- Abbott Hall, 8th floor in Chicago

We pay all Northwestern employees, including all assistantships, scholarships/fellowships (stipends), and temporary, hourly wages.

Payday is the last business day of each month beginning Friday, September 29th.
Requirements to be Paid

- Direct Deposit
- Form I-9, Employment Eligibility Verification
- Foreign National’s Information System (FNIS)
Complete section 1 online at northwestern.i9servicecenter.com.

Form I-9 requires proof of identity and employment eligibility.

Acceptable documents are generally your foreign passport, I-94 print out, and I-20 or DS-2019 immigration document.
Form I-9

- Section 2 done in person at HR
- I-9 Tip sheet
  http://www.northwestern.edu/hr/foreign-nationals/paying-non-resident-student-employees/Form%20I9%20instructions.pdf

- Due by Monday, September 18
Form I-9 Login

- Create userid/password
- Use email that you check does not need to be NU email.
- Start date is 9/1/17.
- School is where you are studying (Not TGS).
Form I-9

Enter name (under other name enter n/a if you have no other names).

Enter address (temporary housing is okay).

Leave SSN blank unless you have a SSN from previous visit.

Check box “Alien Authorized to work” and enter the projected completion date from your I-20 or DS-2019. You can enter your I-94 number that was printed from the CBP website or foreign passport number and country of issuance.
Foreign National Information System (FNIS)

- FNIS login details sent on Wednesday, September 6, 2017 and reminders went out this week.

1) log in, enter your data, and submit.
2) You will receive an email within 24 hours with your tax forms.
3) Come to the Payroll Office with your passport, I-20 or DS-2019, I-94 and FNIS forms (you can print forms in our office).
Foreign National Information System (FNIS)

- Only items in bold are required.
- Fill in as much detail as possible.
- On page 5, make sure to enter all visits in F, M, J, or Q status, even if they were many years ago.
myHR

http://myHR.northwestern.edu

- Add/edit Direct Deposit
- Access paycheck stubs
- Change your address
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| Total                | 380.31  | 2,281.56                  |
Individual Taxpayer Identification Number (ITIN)

- If you will initially **only** be paid from a scholarship/fellowship stipend you will apply for an ITIN on Form W-7, which Payroll will supply and submit as part of the FNIS process.
- Must include your offer/award letter from your department.
- These numbers take a number of months to receive.
- Payroll will notify you when they arrive.
If you have assistantship or temporary wages, you must apply for a Social Security Card.

Fall admits must wait until mid-October and apply once your SEVIS record is activated (we will notify you).

You must complete the Social Security application, get a letter from your department that outlines your employment, a letter from the International Office (requested on-line), and take your passport and immigration documents.

Cards usually take 2 weeks to arrive and Payroll must receive a copy of your Social Security card or proof of application by the end of October.

http://www.northwestern.edu/hr/foreign-nationals/social-security-tax-id/index.html
Tax Treaties

- Bilateral agreements that can exempt some or all of an individual's income from U.S. taxes.
- Tax treaties are based on tax residency and not citizenship.
- Included with FNIS, if eligible.
- Treaties can be applied once taxpayer identification number (ITIN or SSN) received.
Tax Residency

- Tax residency determined on how long you have been in the U.S.
- Students on F or J visas remain non-residents for first 5 years (for example, 2017-2021).
- Students in their 6th year will become tax residents if they are in the U.S. more than 183 days that year.
- This calculation includes ALL previous visits on F, M, J, or Q visas.
- Important to report time outside U.S. after first 5 years.
Taxes for Nonresidents

- Nonresidents are taxed on their U.S. sourced income only.
- W-4 generally lists single 1 or 0.
  - Except in limited circumstances, they are taxed as an individual and cannot file taxes jointly with their spouse or claim their dependents.
Taxes for Nonresidents

- Scholarship/fellowship stipends are subject to 14% federal tax. Illinois taxes are not withheld, but might be owed by the student.

- Employees receiving assistantship or temporary payments will have a variable rate of federal tax and 4.95% Illinois tax.

- Please see IRS publication 519 for details on taxation for nonresidents.
Taxes for U.S. Tax Residents

- Taxed on world-wide income.
- Can claim spouse or dependents on their tax returns.
- W-4 does not have allowance restrictions.
Taxes for U.S. Tax Residents

- Scholarship/fellowship stipend payments to U.S. tax residents will not have taxes withheld, but are considered taxable payments.

- You can complete W-4 and IL W-4 and fill in additional withholding amounts to have taxes withheld (for example $400 federal and $150 for state).

- You must remember to remove the extra withholding if your funding later changes to assistantship or you will be double taxed.
FICA Taxes

- FICA taxes are Social Security Tax (OASDI) and Medicare tax.
- F-1 and J-1 students are exempt from FICA taxes as long as they remain a nonresident.
- Tax residents are also exempt as long as you enroll for classes each quarter by the enrollment deadline.
Extending Status

- You must visit HR Ops/Payroll Office each time your program dates are extended or your immigration status changes.
- The Payroll Office will update your work eligibility on Form I-9 once you submit your paperwork to our office.
- You must complete this process no later than your current expiration date on your immigration document (I-20 or DS-2019).
- Failure to do this will result in delay in pay!
Time Outside the United States

- Tax residency calculated by physical presence in U.S.
- First 5 years do not affect calculation.
- In 6th year and beyond, report time outside the U.S. beyond 90 days to Payroll Office.
Annual Tax Return

- Tax year is the calendar year (Jan 1- Dec 31).
- Tax non-residents must file Form 8843 each year even if they do not earn any income in the U.S.
- Tax non-residents that earn income also file Form 1040NR-EZ or Form 1040NR for federal tax and Form IL-1040 for Illinois taxes.
- Tax residents file Form 1040 or 1040EZ and Form IL-1040 for Illinois taxes.
Emails are sent out to tax residents who received a scholarship or fellowship each January to remind you of taxability.

W-2s are sent out for all assistantships (unless tax treaty) and temporary hourly jobs by January 31st.

1042-S are sent out for all tax non-resident scholarship/fellowship stipend payments and any wages exempt under a tax treaty by March 15th.

You will use these forms to file your U.S. tax return. For 2017 wages, you will file in 2018.
Annual Tax Return

- Taxes must be filed by April 15th if you receive a W-2 and June 15th if you only receive a 1042-S.
- The International Office will send an announcement regarding tax software that can be used to file your tax return via their listserv.
Annual Tax Return

- If you are funded on a scholarship/fellowship stipend, keep copies of your receipts for books and supplies. You should also keep a copy of your syllabus. If you do not have receipts, use your syllabus and make notes as to the cost of books so that you have some documentation if you are audited.

- When you file your tax returns, keep a signed copy.

- If you file electronically, print a copy and save it.
Resources

- Onboarding website with presentation
  - [http://www.northwestern.edu/hr/foreign-nationals/paying-non-resident-student-employees/index.html](http://www.northwestern.edu/hr/foreign-nationals/paying-non-resident-student-employees/index.html)

- I-9
  - Login [https://northwestern.i9servicecenter.com/Login.aspx](https://northwestern.i9servicecenter.com/Login.aspx)
  - Tip sheet [http://www.northwestern.edu/hr/foreign-nationals/paying-non-resident-student-employees/Form%20I9%20instructions.pdf](http://www.northwestern.edu/hr/foreign-nationals/paying-non-resident-student-employees/Form%20I9%20instructions.pdf)

- FNIS
Resources

- MyHR
  - [http://myHR.northwestern.edu](http://myHR.northwestern.edu)

- Paycheck tax withholding
  - [http://www.northwestern.edu/hr/foreign-nationals/independent-contractor-annual-taxes.html](http://www.northwestern.edu/hr/foreign-nationals/independent-contractor-annual-taxes.html)

- Social Security Number/ITIN
  - [http://www.northwestern.edu/hr/foreign-nationals/social-security-tax-id/index.html](http://www.northwestern.edu/hr/foreign-nationals/social-security-tax-id/index.html)

- Annual Tax Filing
  - [http://www.northwestern.edu/hr/foreign-nationals/student-employee-annual-taxes/index.html](http://www.northwestern.edu/hr/foreign-nationals/student-employee-annual-taxes/index.html)