Incoming international students receiving payments from Northwestern

ANGELA G WINN
NONRESIDENT TAX ANALYST
Agenda

- What you need to be paid!
  - I-9/E-Verify
  - Foreign Nationals Information System (FNIS)
  - myHR/Direct Deposit
- Taxpayer Identification Numbers
  - Social Security Number
  - ITIN
- Paycheck Taxes
  - Nonresidents
  - Residents
- Annual Tax Returns
- Next steps with HR/Payroll
- Resources- where to find all of this information!
Who We Are?

- Office of Human Resources, HR Operations Division and Payroll/Tax Division
  - 720 University Place, 2nd floor in Evanston
  - Abbott Hall, 8th floor in Chicago

- We pay all Northwestern employee and student wages, including all assistantships, scholarships/fellowships (stipends). We also pay temporary or hourly jobs, and supplemental wages.
What you need to be paid!
Payday

- Payday is the last business day of each month beginning Friday, September 28, 2018.
What’s needed to be paid!

- Form I-9, Employment Eligibility Verification
- Foreign National’s Information System (FNIS)
- Direct Deposit
- Due by Tuesday, September 18
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 Ops and Payroll (or department)

- I-9 Tip sheet

http://www.northwestern.edu/hr/foreign-nationals/paying-non-resident-student-employees/Form%20I-9%20instructions.pdf
Form I-9 Login

- Create userid/password
- Use email that you check does not need to be NU email.
- Start date is 9/1/2018.
- School is where you are studying (Not TGS).
  - WCAS/Chemistry
  - McCormick/Mechanical Engineering
Form I-9

1. Enter name (under other name enter n/a if you have no other names).
2. Enter address (temporary housing is okay).
3. Leave SSN blank unless you have a SSN from previous visit.
4. 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, August 20, 2018 and reminders went out this week.

1) log in, enter your data, and submit.
2) You will receive an email within 24 hours when your tax forms are ready. We will print them for you.
3) Come to the Payroll Office with your passport, visa, I-20 or DS-2019, I-94.
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.
- Tip sheet available on foreign national website

Direct Deposit in myHR - available September 15

myHR http://myHR.northwestern.edu

- Available on or after **September 15**, 2018
- Add Direct Deposit
- Access paycheck stubs
- Change your address
- Access W-2
Direct Deposit in myHR - available September 15

http://myHR.northwestern.edu
Direct Deposit in myHR – available September 15

- Default Self-Service tab
  - Click **Pay**
  - Click **My Direct Deposit** (on left)
  - Enter **Date of Birth**, click enter
  - Click **Add Account**
    - Answer question about transferring funds overseas
  - Enter **routing Number, Account Number, and Account Type** (receive from bank)
  - **Deposit Type** (balance if only one account)
  - **Deposit Order** (left default 999)
  - Click **Submit**
myHR Paycheck stubs available payday

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TOTAL: 0.00 2,500.00 0.00 20,000.00 380.31 2,281.56
Taxpayer Identification Numbers
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
Paycheck Taxes
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, 2018-2022).
- 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
  - Federal tax 14% federal tax.
  - Illinois taxes are not withheld. Students often owe state taxes and should make quarterly estimated tax payments to the Illinois Department of Revenue by December 31st of current tax year.

- 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.
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.
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.
Annual Tax Filing
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 2018 wages, you will file in 2019.
Taxes must be filed by April 15th if you receive a W-2 and June 17th 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.
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.
Next Steps with HR/Payroll
Update myHR

- myHR.northwestern.edu
- Update address after each move
- Update direct deposit
You must visit HR Ops/Payroll Office each time your program dates are extended or your immigration status changes. Do not leave the U.S. without extending your work eligibility with Payroll!

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.
Where Can I Find This Information?
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
  - Login [https://fnis.thomsonreuters.com/northwestern/](https://fnis.thomsonreuters.com/northwestern/)
Resources

- MyHR
  - http://myHR.northwestern.edu

- Paycheck tax withholding
  - 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

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