

The University of Louisiana at Monroe

Policy on Tax Issues associated with Non-Resident Aliens

For Federal Income tax purposes, non-citizens of the United States are classified by the Internal Revenue Service (IRS) as either RESIDENT or NONRESIDENT aliens. Non-citizens of the United States are required to have a valid VISA classification before payments are made. The IRS tax code maintains two different withholding requirements for resident and non-resident aliens. Before a non-citizen of the United States is paid as an employee (wages), or non-employee (honoraria, scholarships and fellowship grants); residency status has to be determined. The IRS has two tests for residency status: the "green card" test and the "substantial presence" test.

GREEN CARD TEST

- * A lawful permanent resident of the United States at any time during the calendar year.
- * Holds an immigrant visa (also known as green card).

*SUBSTANTIAL PRESENCE TEST***

- * Non-citizen must be physically present in the United States on at least:
 - 1) 31 days during the current calendar year, and
 - 2) 183 days during the current year and the 2 preceding years, calculated as follows:
 - a) All days in current year plus
 - b) 1/3 of days in first preceding year plus
 - c) 1/6 of days in second preceding year

****EXCEPTION**

You generally DO NOT COUNT days the non-citizen is in the United States as

- 1) F, J, M or Q visa student for five (5) years.
- 2) F, J, M or Q visa teacher/researcher for two (2) years.

LOUISIANA AT MONROE TAXATION OF NON-RESIDENT ALIEN EMPLOYEES AT THE UNIVERSITY OF MONROE

A NONRESIDENT ALIEN for tax purposes is an individual who is not a U.S. CITIZEN or RESIDENT. A nonresident alien individual married to either a U.S. citizen or resident alien may choose to be treated as a resident alien for income tax purposes. Wages paid to these individuals are subject to the withholding rules that apply to U.S. citizens and residents. Before a payment is made, the nonresident alien has to have the proper visa classification.

The Internal Revenue Services ([IRS](#)) requires all nonresident aliens who receive U.S. source income to furnish the University with a **Social Security Number (SSN)**. Nonresident aliens employed at the University of Louisiana at Monroe are also required to complete and submit:

1. A Non-Resident Alien Data Form ([form](#)).
2. An [I-9](#), [W-4](#), [L-4](#) and [E-2](#) forms.
3. Provide a copy of their I-20, Passport and Visa.
4. Provide a copy of their U.S. Government issued Social Security Card. (No employee will be paid without a Social Security Number.)

If you are a state (03) student worker, you need to see Felicia Gibson in the [Payroll](#) Section of the [Controller's Office](#), or call her at 5149 or by e-mail to fhill@ulm.edu.

If you are a federal (04) student worker, you need to see [Financial Aid](#).

If you are an employee, you need to see Lynn Jones in [Payroll](#), or contact her by phone at 5137 or by e-mail to ljones@ulm.edu.

FEDERAL TAXES

Federal taxes are deducted at the rate of single and one allowance, with an additional non-resident alien tax withheld for \$33.10 a month or \$15.60 biweekly, except for the following cases:

- **Persons from Canada, Mexico, Japan or South Korea:** Per special agreements with the United States, persons from these countries are deducted at a single marital rate but may claim an additional allowance for each dependent with an additional non-resident alien tax withheld for \$33.10 a month or \$15.60 biweekly.
 - **Persons exempt under a TAX TREATY between their country and the United States may file a 1040NR at the end of the year to obtain a refund of any taxes they feel they are due.**

Social Security (OASDI) and Medicare

Nonresident aliens holding **F-1** or **J-1** visas are exempt from [Social Security](#) and [Medicare](#) taxes. Aliens with *other visa* types employed by ULM are subject to Social Security and Medicare taxes. Career employees pay Social Security and Medicare taxes. Non-career (casuals) employees pay Defined Contribution Plan (DCP-casual) in lieu of Social Security plus Medicare tax. Individuals who have established residency under the substantial presence test are also subject to Social Security and Medicare taxes.

STATE TAX

The [Louisiana Department of Revenue](#) does not make a distinction between foreign individuals and U.S. citizens when it comes to withholding. Nonresident aliens are subject to the same state tax withholding rules as citizens. No one from the [Payroll Office](#) can advise an employee on the number of exemptions to claim on their W-4. Individuals must seek advice from someone who is licensed to prepare taxes, or use the worksheet that is in the W-4 packet.

DOCUMENTS ISSUED AT THE END OF THE CALENDAR YEAR

All foreign individuals receiving U.S. source income are required to file income tax returns. Income type and residency status will determine which type of income statement the individual will receive. They also determine the type of income tax returns that need to be filed. It is recommended that individuals consult a licensed tax preparer or the [Internal Revenue Service](#) (IRS).

EMPLOYEES - *No tax treaty exemption* - Will receive a W-2 for federal and state taxes. Individuals should file a 1040NR for federal tax and the appropriate state form depending on state residency status.

EMPLOYEES who feel they are *Exempt under a tax treaty* will also receive W-2 for federal tax and state tax. Individuals should file a 1040NR for federal tax and the appropriate state form depending on state residency status.

Where to find information

- IRS – International Taxpayer
- IRS publication 515, Withholding of Tax on Nonresident Aliens and Foreign Corporations
- IRS publication 519, U.S. Tax Guide for Aliens