



University of California  
San Francisco

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# Nonresident Alien Federal Tax Workshop

Using **GLACIER Tax Prep (GTP)** as a tool for self-preparation of 2017 Federal Income Tax Return (Form 1040NR or Form 1040NR-EZ) and Form 8843

# Tax Workshop

- **Federal Tax Workshop**
  - March 7, 2018
  - Genentech Auditorium, Mission Bay
  - 3 – 4:30 pm
  
- **California State Tax Workshop**
  - March 14, 2018
  - Genentech Auditorium, Mission Bay
  - 3 – 4:30 pm

# Agenda

- **General Rules for income tax withholding, reporting and filing requirements**
- **Overview of US tax systems**
- **Who is an Nonresident Alien for tax purposes?**
- **What is a Substantial Presence Test?**
- **What is an Exempt Individual?**
- **Nonresident Alien Income Tax Return Forms**
- **GLACIER Tax Prep (GTP) Vs GLACIER**
- **Tax Statement requirements to prepare Income Tax Return**
- **How to get into GTP? Who will be eligible to get GTP access?**
- **Reference Guide for Resident Alien with Tax Treaty**
- **GTP 2017 Tutorial Video**
- **Contact Lists**



# Overview of tax systems

- **US Tax System – Worldwide Income**
  - US Citizens
  - Lawful Permanent Residents (Green Card Holders)
  - Resident Aliens for Tax Purposes
- **Nonresident Alien Tax System – ONLY US Source Income**
  - Nonresident Aliens for Tax Purposes

# Who is a Nonresident Alien?

- **Any individual who is NOT a US Citizen and has NOT passed the Green Card Test or Substantial Presence Test (SPT)**
  - **Green Card Test**
    - A lawful permanent resident (green card or I-551 Stamp in passport)
  - **Substantial Presence Test (Resident vs. Nonresident)\***
    - To meet the test, the individual must be physically present in the US on at least:
      1. 31 days during the current year (2017), **AND**
      2. 183 days during the 3-year periods that include the current year and the 2 years immediately before that, counting:
        - All the days you were present in **2017**, and
        - 1/3 of the days you were present in **2016**, and
        - 1/6 of the days you were present in **2015**

| a                                 | b                         | c          | d=b*c        |
|-----------------------------------|---------------------------|------------|--------------|
| Year                              | Days of Physical Presence | Multiplier | Testing Days |
| 2017                              |                           | 1          |              |
| 2016                              |                           | 0.333      |              |
| 2015                              |                           | 0.167      |              |
| Total testing days (add Column d) |                           |            |              |

Total testing days  $\geq$  183 days --> pass SPT --> RA

Total testing days  $<$  183 days --> Not pass SPT --> NRA

*Note: An individual's residency status for tax purposes does not affect his or her immigration status*

# SPT Counting Days Exception Rules

- Do Not Count the following as days of presence in the US for SPT
  1. Days you commute to work in the US from a residence in Canada or Mexico if you regularly commute from Canada or Mexico
  2. Days you are in the US for less than 24 hours when you are in transit between two places outside the US
  3. Days you are in the US as a crew member of a foreign vessel
  4. Days you intend, but are unable, to leave the US because of a medical condition that arose while you were in the US
  5. Days you were **Exempt Individual**

# “Exempt Individual” concept and rules

- **“Exempt individual”**
  - Does not pertain to individual’s requirement to have federal or FICA tax withheld or to file a US income tax return
  - A tax term that refers only to an individual's requirement that he/she does not need to count days of actual presence in the US when calculating the SPT
    - F1/J1 Student – the first 5 calendar years of US presence
    - J-Exchange Visitor – any 2 years of presence within a 6 year look back period not counting current year
  - **Count as a calendar year**
    - E.g. John (J1 research scholar) came to the USA on Dec 31, 2017
      - Exempt Individual = 2017



# SPT Examples (NRA)

US Date of Entry 1/1/2013  
Immigration Status F1/J1 - Student  
2017 US Tax Residency Status Nonresident Alien

SPT

| a                                 | b                         | c          | d=b*c        |
|-----------------------------------|---------------------------|------------|--------------|
| Year                              | Days of Physical Presence | Multiplier | Testing Days |
| 2017                              | 0                         | 1          | 0            |
| 2016                              | 0                         | 0.333      | 0            |
| 2015                              | 0                         | 0.167      | 0            |
| Total testing days (add Column d) |                           |            | 0            |

**Total testing days >= 183 days → pass SPT → RA**

**Total testing days < 183 days → Not pass SPT → NRA**

Exempt Individual F1/J1 Student - the first 5 calendar years of US presence

|   | Year | Actual Days in USA | Counting Days for SPT |                   |
|---|------|--------------------|-----------------------|-------------------|
| 5 | 2017 | 320                | 0                     | Exempt Individual |
| 4 | 2016 | 320                | 0                     | Exempt Individual |
| 3 | 2015 | 320                | 0                     | Exempt Individual |
| 2 | 2014 | 320                | 0                     | Exempt Individual |
| 1 | 2013 | 320                | 0                     | Exempt Individual |

# SPT Examples (NRA)

US Date of Entry 09/01/2017  
Immigration Status J1-Research Scholar  
2017 US Tax Residency Status Nonresident Alien

SPT

| a                                 | b                         | c          | d=b*c        |
|-----------------------------------|---------------------------|------------|--------------|
| Year                              | Days of Physical Presence | Multiplier | Testing Days |
| 2017                              | 0                         | 1          | 0            |
| 2016                              | 0                         | 0.333      | 0            |
| 2015                              | 0                         | 0.167      | 0            |
| Total testing days (add Column d) |                           |            | 0            |

**Total testing days >= 183 days → pass SPT → RA**

**Total testing days < 183 days → Not pass SPT → NRA**

Exempt Individual

J-1 Exchange Visitor - any 2 years of presence within a 6 year look back period not counting current year

| Look back period | Year | Actual Days in USA | Counting Days for SPT |                   |
|------------------|------|--------------------|-----------------------|-------------------|
|                  | 2017 | 122                | 0                     | Exempt Individual |
| 6                | 2016 | 0                  | 0                     |                   |
| 5                | 2015 | 0                  | 0                     |                   |
| 4                | 2014 | 0                  | 0                     |                   |
| 3                | 2013 | 0                  | 0                     |                   |
| 2                | 2012 | 0                  | 0                     |                   |
| 1                | 2011 | 0                  | 0                     |                   |

# SPT Examples (RA)

US Date of Entry 7/1/2015  
Immigration Status J1-Research Scholar  
2017 US Tax Residency Status Resident Alien

| SPT                               | a                         | b          | c            | d=b*c |
|-----------------------------------|---------------------------|------------|--------------|-------|
| Year                              | Days of Physical Presence | Multiplier | Testing Days |       |
| 2017                              | 320                       | 1          | 320          |       |
| 2016                              | 0                         | 0.333      | 0            |       |
| 2015                              | 0                         | 0.167      | 0            |       |
| Total Testing days (add Column d) |                           |            |              |       |

**Total testing days >= 183 days → pass SPT → RA**

**Total testing days < 183 days → Not pass SPT → NRA**

Exempt Individual J-1 Exchange Visitor - any 2 years of presence within a 6 year look back period not counting current year

| Look back period | Year | Actual Days in USA | Counting Days for SPT |                   |
|------------------|------|--------------------|-----------------------|-------------------|
|                  | 2017 | 320                | 320                   |                   |
| 6                | 2016 | 320                | 0                     | Exempt Individual |
| 5                | 2015 | 180                | 0                     | Exempt Individual |
| 4                | 2014 | 0                  | 0                     |                   |
| 3                | 2013 | 0                  | 0                     |                   |
| 2                | 2012 | 0                  | 0                     |                   |
| 1                | 2011 | 0                  | 0                     |                   |

# SPT Examples (NRA to RA to NRA)

US Date of Entry 3/1/2016  
 Immigration Status J1-Research Scholar  
 US priorvisits 2010,2011 as J1-Trainee  
 2017 US Tax Residency Status Nonresident Alien

SPT

| a                                 | b                         | c          | d=b*c        |
|-----------------------------------|---------------------------|------------|--------------|
| Year                              | Days of Physical Presence | Multiplier | Testing Days |
| 2017                              | 0                         | 1          | 0            |
| 2016                              | 280                       | 0.333      | 93           |
| 2015                              | 0                         | 0.167      | 0            |
| Total testing days (add Column d) |                           |            | 93           |

Total testing days  $\geq$  183 days  $\rightarrow$  pass SPT  $\rightarrow$  RA  
 Total testing days  $<$  183 days  $\rightarrow$  Not pass SPT  $\rightarrow$  NRA

Exempt Individual

J-1 Exchange Visitor - any 2 years of presence within a 6 year look back period not counting current year

| Look back period | Year | Actual Days in USA | Counting Days for SPT |                   |
|------------------|------|--------------------|-----------------------|-------------------|
|                  | 2017 | 340                | 0                     | Exempt Individual |
| 6                | 2016 | 280                | 280                   | Resident Alien    |
| 5                | 2015 | 0                  | 0                     |                   |
| 4                | 2014 | 0                  | 0                     |                   |
| 3                | 2013 | 0                  | 0                     |                   |
| 2                | 2012 | 0                  | 0                     |                   |
| 1                | 2011 | 320                | 0                     | Exempt Individual |

| Look back period | Year | Actual Days in USA | Counting Days for SPT |                   |
|------------------|------|--------------------|-----------------------|-------------------|
|                  | 2016 | 280                | 280                   | Resident Alien    |
| 6                | 2015 | 0                  | 0                     |                   |
| 5                | 2014 | 0                  | 0                     |                   |
| 4                | 2013 | 0                  | 0                     |                   |
| 3                | 2012 | 0                  | 0                     |                   |
| 2                | 2011 | 320                | 0                     | Exempt Individual |
| 1                | 2010 | 250                | 0                     | Exempt Individual |

# Nonresident Alien Tax Forms

- **Form 1040NR or 1040NR-EZ (U.S. Nonresident Alien Income Tax Return)**
- **Form 8843 (Statement for Exempt Individuals and Individuals with a Medical Condition)**
  - NRA with US source income, and who are not Exempt Individuals or not Individuals with a Medical Condition
    - File Form 1040NR or 1040NR-EZ
    - E.g. → NRA with H1-B or NRA with TN
  - NRA with US source income, and who are Exempt Individuals or Individuals with a Medical Condition
    - File Form 1040NR or 1040NR-EZ
    - File Form 8843
    - E.g. → NRA with J or F
  - NRA with no US source income, and who are Exempt Individuals or Individuals with a Medical Condition
    - File Form 8843
    - E.g. → NRA with J or F

# GLACIER Vs GLACIER Tax Prep “GTP”

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## GLACIER Tax Prep “GTP”

- Web-based tax preparation software designed to help Nonresident Alien prepare **Nonresident Alien Income Tax Return (Form 1040NR or 1040NR-EZ and Form 8843)**

## GLACIER

- Web-based Nonresident Alien tax compliance system used by UCSF to determine foreign visitor’s tax residency, withholding rates and income tax treaty eligibility.
-

# Tax Statements

- **Depending on payments that Nonresident Alien individual's received during the year, any of following tax statements may be received**
  - W2 (Wage and Tax Statement)
  - 1042-S (Foreign Person's U.S. Source Income Subject to Withholding)
  - Other tax statements (E.g. 1099-B, 1099-DIV, 1000-G, 1099-INT, 1099-MISC, 1099-R)

# Tax Statements (W2 vs 1042-S)

| Form                                 | Type of Income                                    | Situation   |
|--------------------------------------|---|---|
| W-2                                  | Wages or Salary as an Employee                    | You will receive Form W-2 to report the wages or salary <b>with No tax treaty exemption</b>   |
| 1042-S<br>(income code 18, 19 or 20) | Wages or Salary as an Employee                    | You will receive Form 1042-S with income code 18, 19 or 20 to report wages or salary <b>with tax treaty exemption</b>   |
| 1042-S<br>(income code 16)           | Scholarship or Fellowship (no services performed) | You will receive Form 1042-S with income code 16 to report scholarship or fellowship <b>with tax treaty exemption</b><br>OR<br>Code 16 <b>with tax withheld amounts</b> |



## Tax Statements (W2 vs 1042-S)

- **As summarized, depending on payments received during the year, you may receive**
  - Only W2  
OR
  - Only 1042-S (Income code 16)  
OR
  - Both W2 and 1042-S (Income code 18, 16, 19, and/or 20)
- **There is *no* overlap for amounts reported on Form 1042-S and amounts reported on Form W-2. If you receive both, then information from both forms must be considered when completing Federal and state tax returns**

# How to get into GTP?

- **There are two methods of getting into GLACIER Tax Prep (GTP)**
  - **Option 1 : GLACIER portal (GTP via GLACIER)**
    - **Only for individuals who have a GLACIER login record**
    - **<https://www.online-tax.net/>**
  - **Option 2: GTP portal**
    - **For individuals who have never used GLACIER**
    - **Must use special Access Code**
    - **<https://www.glaciertax.com>**

# Option 1: GTP via GLACIER

- Go to GLACIER portal <https://www.online-tax.net/>
- Log into your GLACIER account
- From user activities menu, Select “Complete my U.S. tax return using GLACIER Tax Prep” option and Click “Next”
- GLACIER will ask you to verify important information and ask you update information if necessary before it automatically brings you to GTP site
- You will then see the “Welcome to GLACIER Tax Prep” screen to complete your U.S. federal tax return
- GLACIER automatically transfers some of your information into GTP so you don’t need to enter all of your personal information again
- Please review this information carefully to ensure that it is accurate and up to date

## Option 1: GTP via GLACIER

**GLACIER** Nonresident Alien Tax Compliance



**Welcome to GLACIER for University of California, San Francisco**

**TERRY TESTING, What Would You Like To Do Today?**

- Create/update/view my Individual Record
  - View/print my forms (no changes may be made)
  - **Complete my U.S. tax return using GLACIER Tax Prep**
  - Learn about General U.S. Tax Issues and FAQs
  - Change my GLACIER Login Information
  - Exit GLACIER
- Nonresident Alien for Tax Purposes

## Option 1: GTP via GLACIER



**GLACIER** Nonresident Alien Tax Compliance

Welcome to **GLACIER** for University of California, San Francisco

Tracy Lee, What Would You Like To Do Today?

- Create/update/view my Individual Record
- View/print my forms (no changes may be made)
- View/print my Form 1042-S
- Complete my U.S. tax return using GLACIER Tax Prep
- Learn about General U.S. Tax Issues and FAQs
- Change my GLACIER Login Information
- Exit GLACIER

Resident Aliens for Tax  
Purposes cannot use GLACIER  
Tax Prep

<Back Next>

[Contact GLACIER Support](#)

## Option 2: GTP portal

- For NRA who does not have **GLACIER** account
- **GTP portal** at <https://www.glaciertax.com>
- Need an **Access Code** to complete federal tax return
- Refer to **ISSO handout** for **GTP access code**
- If you don't have a **GLACIER user ID**, but you logged directly into **GTP** last year, you will need the user ID you previously established

## Option 2: GTP portal



### Welcome to GLACIER Tax Prep

#### Account Information

If you **HAVE** a **GLACIER Tax Prep** account, simply enter your UserID and Password.\*

**UserID**

**Password**

**Log In**

**Forgot Login  
Having Trouble Logging In?**

#### New Users

If you have **NEVER** logged into **GLACIER Tax Prep**, you must Create a New Account.\*

**Create New Account**

If you would like to purchase an Individual Access Code to prepare a 2016, 2015, 2014, 2013, 2012, or 2011 federal tax return, [click here](#).



## Option 2: GTP portal



### Welcome To GLACIER Tax Prep!

#### Enter Your Access Code

Please enter your Access Code to get started.

Access Code

Access Code Required

**Please refer to ISSO handout  
for access code**

You may obtain an Access Code from your host or sponsoring institution if that institution has purchased a license for **GLACIER Tax Prep** or you purchase an Individual Access Code from [http://www.arcticintl.com/gtp\\_usage.asp](http://www.arcticintl.com/gtp_usage.asp).

Submit



## Option 2: GTP portal



### Welcome to GLACIER Tax Prep TERRY TESTING

To prepare your federal tax return, simply start on Step One and enter your information until you have completed Step Four. You may save and exit **GLACIER Tax Prep** at any time by selecting "Log Out" at the top right of any screen. You may then return to **GLACIER Tax Prep** at any time and continue to enter your information until you have completed your federal tax return – **GLACIER Tax Prep** will keep track of where you are in the process!

#### Prepare a 2016 Federal Tax Return



**Step ONE: Determine U.S. Tax Residency Status**

Step TWO: Select and Complete Income Forms

Step THREE: Complete Additional Information

Step FOUR: Generate and Print Forms

**FAQ and BLANK Tax Forms for Prior Years**  
**View/Print Prior Years' Tax Returns**  
**HELP!**

## Resident Alien with Tax Treaty – How to file Federal Tax Return

- **An individual with a tax treaty who becomes Resident Alien for tax purposes in 2017**
- **Cannot use GTP to prepare federal tax return**
  - Should receive both W2 and 1042-S
  - Must file a U.S. federal tax return in the same manner as a U.S. citizen and report ALL income from ALL sources
  - must file as Resident Alien by using Form 1040 (**NOT** Form 1040A or 1040-EZ)
- **Refer to**
  - IRS Form 1040 Instruction <https://www.irs.gov/pub/irs-pdf/i1040gi.pdf>
  - Resident Alien with tax treaty Exemption reference by Arctic International LLC

# Resident Alien with Tax Treaty – How to file Federal Tax Return

## Resident Alien for Tax Purposes

If you are a Resident Alien For Tax Purposes AND Eligible to Claim a Tax Treaty Exemption:

- File Form 1040 (NOT Form 1040EZ);
- On the top of all pages, write “Resident Alien With Tax Treaty Exemption”;
- Include all income (including tax treaty exempt income) on the appropriate lines;
- On the “Other Income” line of Form 1040, enter the total of the tax treaty exempt amount as a negative number so that it will be subtracted;
- On the dotted line beside Other Income, write “Exempt Income, U.S.-{country} tax treaty, Article {article number}”;
- Also get Page 5 of Form 1040NR and on question L, complete the information about your tax treaty claim;
- Assemble your tax return with Form 1040, Forms W-2 and/or 1042-S, if received, and Page 5, along with any other required attachments; and
- Mail your tax return to:  
Internal Revenue Service Center  
Austin, TX 73301-0215 USA  
*Regardless of where you live!*

## **Nonresident Aliens Eligible for a Tax Treaty Who Did Not Claim in 2017**

- **Nonresident Aliens for tax purposes who may be eligible to claim a tax treaty but did not claim treaty exemption in 2017 are still eligible to claim the treaty**
- **After filling in W-2 information, if eligible, GTP will ask whether individual wants to claim a tax treaty**

## Income Tax Treaty Verification

GLACIER Tax Prep has made the following income tax treaty exemption determination.

### Review of Income Tax Treaty Exemption for Compensation / Salary / Wages

Based on the information entered, the U.S.- Germany Income Tax Treaty allows an exemption from tax for your Compensation / Salary / Wages.

Article 20(1) of the U.S.- Germany Income Tax Treaty allows an exemption for 2 years from the date of arrival for the Compensation / Salary / Wages. Therefore, the possible tax treaty exemption period is Mar 19, 2014 - Mar 17, 2016.

The possible tax treaty exemption applies to an Unlimited Amount of your Compensation / Salary / Wages.

The U.S.- Germany Income Tax Treaty contains a BACK-to-BACK Clause. If you previously claimed an exemption from tax for compensation/salary/wages received as a Student or Trainee, an exemption from tax as a Professor or Researcher may be limited.

You have indicated you DID NOT previously claim an exemption from tax for Compensation / Salary / Wages received as a Student or Trainee.

#### Would you like to claim the maximum amount of exemption from tax allowed under the income tax treaty?

- Yes, I would like to claim the maximum amount of exemption from tax for the Compensation / Salary / Wages; I understand that I must meet any qualifications listed above.
- No, I DO NOT want to claim an exemption from tax for my Compensation / Salary / Wages.

### More Info

**Treaty Verification:**  
IF you are eligible for a tax treaty, you must determine whether you can claim the treaty based on the information presented on this screen. GLACIER Tax Prep will show you the conditions for the treaty; however, you must choose to claim or deny the treaty by selecting "Yes" or "No".

# 2017 GTP Tutorial Video

## When to File?

- Do not file your tax return late!
- Deadline is **April 17, 2018**
- Tax Forms completed via GTP must be printed and mailed to the IRS.
- Those who became “Residents for US tax purposes” during 2017 should consider using other tax software (refer to ISSO handout) or consulting a tax professional
- Nonresidents must file as individuals, and cannot file as “Married filing Jointly”

## Update your Records

- **To prevent documents being sent to a wrong address, you must update personal information changes in GLACIER as well as At Your Service (employee self service).**
  - New home or mailing address and/or e-mail address
- **Nonresident aliens going back to home country**
  - In GLACIER, click “individual does not live in the U.S.” box before you leave
- **AYSO: <http://atyourservice.ucop.edu/>**



# Who do I contact?\*

- **GTP system support**
  - support@glaciertax.com
- **Form 1042-S, GLACIER, tax treaty, residency status, W-2 questions, duplicate W-2 request:**
  - Controller's Office (Payroll)
  - COSolutionCenter@ucsf.edu or 415-476-2126
- **Immigration questions or GTP access code:**
  - ISSO
  - visa@ucsf.edu, 415-476-1773