Tax Responsibilities for International Students with Scholarships

The following information is for international students with scholarships or awards. If you receive a scholarship or award that exceeds tuition and mandatory fees and/or student employment wages, any taxable portion of your award and/or wages is subject to federal tax withholding.

Below is important information regarding potential tax responsibilities during your time at the University of Miami:

➢ Scholarships and Awards that Exceed Tuition and Mandatory Fees

The taxable portion of your scholarship and award is calculated as follows:

Total of all scholarships/awards received from Canelink **Less:** Tuition and mandatory fees charged to your Student Account **Equals:** Taxable portion of your award (Excess award)

The taxable portion of your award is subject to federal tax withholding. Students in F, J, Q or M visa status are taxed at a 14% rate, while students in all other visa statuses are subject to a 30% tax rate. Some international students' countries of origin have a tax treaty with the United States and can claim exemption from U.S. taxes. A list of treaty countries can be found in IRS Publication 901. Not all treaties are the same, so we suggest that you review IRS Publication 901 to see if a reduced rate or complete exemption from U.S. income tax for residents of a particular country apply.

International students receiving taxable awards from UM who may be able to claim a tax treaty will receive an e-mail, in February for the prior calendar year, from the UM Payroll Office requesting to provide a complete and signed form W-8BEN to grant the tax withholding exemption.

Any taxes due will be posted to your Student Account in March for the prior calendar year.

➢ Student Employees

Student employees receiving payments through Workday Payroll are required to complete the foreign national process (FNIS) every calendar year to ensure their income is taxed correctly and reported on the appropriate tax statement. If you have not completed the process for this calendar year, please submit your request for access to the Foreign National Information System (FNIS) using the online form to begin the process.

➢ Form 1042

Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding, is issued and mailed in mid-March for the prior calendar year to international students who are nonresident aliens for tax purposes and received:

1. Scholarships and awards that exceed tuition and mandatory fees; and/or
2. Provided services to the University of Miami (UM) and received wages exempted from federal withholding tax by a tax treaty.*

**International students and scholars who provided services to UM, received wages, and did not claim a tax treaty may receive Form W-2, Wage and Tax Statement. Form W-2 shows the amount of*

taxes withheld from the paycheck for the year and is used to file federal and state taxes. UM provides Form W-2 electronically in Workday, and paper copies are mailed, if elected.

Some international students and scholars will only receive a Form 1042-S while others may receive both, a Form 1042-S and Form W-2. In the latter case, tax treaty exempt wages will be reported on Form 1042-S, and taxable non-treaty exempt wages will be reported on Form W-2. Form 1042-S is mailed in mid-March to your mailing address on file in Canelink.

➢ Income Tax Return

Although the tax treaty may exempt your scholarship from tax, you may still be required to file an income tax return with the U.S. Internal Revenue Service (IRS). If you fall into any of the groups that will receive Form 1042-S and/or Form W-2 and wish to use **GLACIER Tax Prep**, an online tax preparation system for nonresidents for tax purposes in F and J statuses, to file an income tax return, you must wait to receive the tax forms before you can use the software.

➢ Action Items for the Following Student Groups

Student Employees

- Complete the foreign national annual process (FNIS). Use the online form to begin the process.
- Access Form W-2, if applicable, in Workday by the end of January for the prior calendar year.
- Ensure your mailing address in Workday is up to date as you will receive Form 1042-S, if applicable, at this address in mid-March for the prior calendar year.
- File an income tax return with tax form(s) received if required in your tax situation. **GLACIER Tax Prep** is an available resource to file your tax return.
- Consult with a tax advisor if you have any questions specific to your tax situation.

Student Receiving Scholarships and Awards Exceeding Tuition and Fees

- Review tax treaties in IRS Publication 901. If your country of origin qualifies for exemption of taxes, provide the UM Payroll Office with a completed and signed form W-8BEN when they request it in February for the prior calendar year.
- Ensure your mailing address in Canelink is up to date as you will be receiving Form 1042-S, if applicable, to this address in mid-March for the prior calendar year.
- Review taxes due posted in your Student Account in March for the prior calendar year.
- File an income tax return with tax form(s) received if required in your tax situation. **GLACIER Tax Prep** is an available resource to file your tax return.
- Consult with a tax advisor if you have any questions specific to your tax situation.

➢ Resources

- For questions regarding Form 1042-S, please contact 'Canes Central.
- What is a 1042-S form? - 'Canes Central
- Student Employees should use the online form to complete the foreign national annual process.
- To request a copy of your tax forms, please contact the UM Payroll Office by completing the online form or calling (305) 284-3004.
- For questions regarding your assigned **GLACIER Tax Prep** access code, please contact your ISSS Advisor.
- IRS Publication 901 – U.S. Tax Treaties
- Form 1042-S
- Form W-2