Scholarships Awarded to Nonresident Alien Students

Responsible Officer: Vice President for Business Affairs and Controller
Sponsoring Department: Payroll Services
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Errors or changes to: aim@uta.edu

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PROCEDURE OBJECTIVE

This procedure provides instructions for nonresident alien students who have received a taxable scholarship award.

RATIONALE

Some portion of scholarship/financial aid may be taxable. The amount of scholarship award that exceeds tuition and qualified expenses is taxable and nonresident alien tax will be withheld from the student account. (Scholarship money for room, meals, etc. is taxable.) If the scholarship amount does not exceed tuition and qualified expenses, tax will not be withheld.

SCOPE

All nonresident alien students who have received a taxable scholarship award.

WEBSITE ADDRESS FOR THIS PROCEDURE

https://www.uta.edu/policy/procedure/1-22

RELATED STATUTES, POLICIES, REQUIREMENTS OR STANDARDS
CONTACTS

If you have any questions about UT Arlington Fiscal Procedure 1-22, Scholarships Awarded to Nonresident Alien Students, please contact the following departments:

<table>
<thead>
<tr>
<th>Subject</th>
<th>Office Name</th>
<th>Telephone Number</th>
<th>Email/URL</th>
</tr>
</thead>
<tbody>
<tr>
<td>All topics in Procedure</td>
<td>Payroll Services</td>
<td>(817) 272-5426</td>
<td><a href="http://www.uta.edu/policy/business-affairs/payroll">http://www.uta.edu/policy/business-affairs/payroll</a></td>
</tr>
<tr>
<td>Website access</td>
<td>Administrative Information Management</td>
<td>(817) 272-0222</td>
<td><a href="mailto:aim@uta.edu">aim@uta.edu</a> <a href="http://policy.uta.edu/net_solutions">http://policy.uta.edu/net_solutions</a></td>
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DEFINITIONS

Nonresident Alien - a person who is not a U.S. citizen or a lawful U.S. permanent resident.

RESPONSIBILITIES

N/A

PROCEDURES

Section I. Taxable Scholarship Amounts

Nonresident alien students are generally taxed at 14% and the tax will be deducted from the student account. Some visa types are taxed at 30%. There are two conditions that may eliminate the withholding of nonresident alien tax from the student account.

A. Some countries have a tax treaty with the U.S. that exempts taxation of scholarship payment.
   - To claim a treaty benefit, nonresident alien students must have a Social Security Number (SSN) or Individual Taxpayer Identification Number (ITIN) and file Form W-8BEN with Payroll Services.
   - Form W-8BEN is available through the GLACIER online tax program. Payroll Services can help set up an account. Please email prf@uta.edu to request a GLACIER account password.
B. Students in F-1 or J-1 student visa status, who have been in the U.S. at least 183 days in their 6th year of presence in the U.S., are resident aliens for tax purposes. IRS regulations do not require The University to withhold tax on scholarships paid to resident aliens. Resident aliens are responsible to self report any taxable amounts on their tax return. The student must complete the GLACIER Online Tax Program and submit required forms and documents to Payroll Services to determine if they qualify as a resident alien for tax purposes. Contact Payroll Services at prf@uta.edu to request access to the GLACIER Online Tax Program.

Section II. GLACIER Online Tax Program

Students who have tax withheld on their scholarship award will be asked to complete the GLACIER online tax program.

A. GLACIER is an independent software system provided by Arctic International LLC. It is designed to collect information about an individual's immigration status, citizenship, residency, and history of presence in the U.S. to determine an individual's residency tax status (nonresident or resident alien for tax purposes) and eligibility to claim a tax treaty exemption. The system is designed to allow the individual to complete all information from any computer with an Internet connection. Users will be required to print and sign the GLACIER forms and submit them to Payroll Services along with copies of their visas, passports, and immigration documents. Payroll Services will review these documents and apply the appropriate tax status for each individual.

B. To request GLACIER access information, email prf@uta.edu with full name and student ID. GLACIER access information will be emailed to the student.

C. GLACIER forms with required documents are submitted to Payroll Services located in Room 207 of the J.D. Wetsel Service Center.

Section III. Individual Tax Identification Number (ITIN)

In some cases, such as scholarship payments to students or payments for professional services to independent contractors, an individual may not be eligible for a social security number (SSN) but had tax withheld from payments and must complete a tax return. The IRS can issue ITINs to those individuals who are not eligible for a SSN but need to complete a tax return. For more information please visit the IRS website at http://www.irs.gov/Individuals/General-ITIN-Information
Section IV. Completing a U.S. Tax Return with the Internal Revenue Service

The student must complete a tax return and mail directly to the Internal Revenue Service of the U.S. Government. Income taxes in the U.S. are based on the calendar year January 1 to December 31.

A. Form 1042S will be issued by Payroll Services before March 15 of the following year. This form reports the amount of taxable scholarship and the taxes withheld or the amount exempted if a tax treaty exemption was applied.

B. If a student has a taxable scholarship and is also a UT Arlington employee, two forms will be needed to complete a tax return. Form W-2 will be issued for wages and Form 1042S will be issued for the taxable scholarship. Both forms must be received before completing a tax return.

C. In a few cases, a student has a taxable scholarship, is also an employee being paid taxable wages and non-taxable wages due to a tax treaty exemption. This student will receive Form W-2 for wages and two Form 1042S; one Form 1042S reporting the taxable scholarship and one Form 1042S reporting the tax treaty exemption on wages. All three forms will be needed to complete a tax return.

D. A tax return must be completed and mailed directly to the Internal Revenue Service by April 15 of the following year. For example, a tax return for the calendar year 2014 must be mailed by April 15, 2015.

E. International employees who are nonresident aliens for tax purposes are not allowed to send a tax return electronically. This is a violation of the Internal Revenue Service regulations and could result in penalties or cause consequences when renewing or changing an immigration status. Nonresident aliens must complete a Form 1040NR or Form 1040NR-EZ. If using a tax service, be sure they provide the Form 1040NR or Form 1040NR-EZ to be signed and mailed to the IRS. Do not mail a Form 1040 or Form 1040EZ or send electronically.

F. Payroll Services has purchased tax software for nonresident aliens called GLACIER Tax Prep™. This software is successful at assisting the majority of UT Arlington nonresident alien students and scholars with preparing the necessary forms. Payroll Services provides this software at no cost to the student or scholar. It is usually available in mid-February through June 15.

- If a student has a GLACIER record, they may access the GLACIER Tax Prep™ program using their GLACIER User ID and password.

- If a student does not have a GLACIER record, they may request a password for GLACIER Tax Prep™ by emailing prf@uta.edu. Please include full name and student MyMav number.
• GLACIER Tax Prep™ Access Request

APPENDICES

• Internal Revenue Service
• UT Austin's International Office