

## Definitions for Federal Tax Purposes

**Alien** • A term used by the United States Internal Revenue Service for an individual who is not a U.S. citizen.

**Exempt Individual** • A person not subject to the Substantial Presence Test (see below), which determines whether someone files as a resident or nonresident. Many scholars incorrectly believe this means they are not required to file a tax return and/or pay taxes.

**Individual Tax Identification Number (ITIN)** • An individual may not be eligible for a Social Security number, which is routinely issued only to U.S. citizens, U.S. permanent residents, and non-immigrants with legal work permission. Anyone without a Social Security number who is required to complete annual income tax returns must obtain an ITIN from the Internal Revenue Service. In that case, the IRS assigns a unique nine-digit number for tax-related purposes. Information on applying for an ITIN is below.

**Internal Revenue Service** • Also known as the IRS, this is the federal agency responsible for collecting taxes and enforcing tax reporting and collection laws. It is a division of the Treasury Department.

**Nonimmigrant** • An individual with a permanent residence abroad who is in the United States for a primary purpose that is temporary, such as those in F-1, J-1, H-1 or O-1 immigration status.

**Nonresident** • An individual who is in the United States for a temporary purpose of a relatively short nature (usually less than five years as students and two years for J-1 scholars). Although required to file a tax return annually, only income from U.S. sources is taxed.

**Resident** • An individual who is a U.S. citizen, a U.S. permanent resident, or a nonimmigrant who has been in the United States sufficient time to qualify to file as a resident. Residency is determined by the Substantial Presence Test.

**Social Security** • A term used to describe an agency, a card, and two types of tax.

- The Social Security Administration (SSA) is a government agency housed in the Department of Health and Human Services.
- The card contains a unique nine-digit identification number issued to qualified individuals primarily to determine eligibility for social benefits through various forms of employment. The number on the card is also used for tax record keeping.
- The taxes, known as FICA (Federal Insurance Contribution Act) and Medicare, are withheld from employment income to provide for retirement later. The actual amount withheld from a paycheck for FICA and Medicare is 7.65 percent of total earnings to a certain salary level.

**Substantial Presence Test (SPT)** • A formula devised by the Internal Revenue Service to determine whether a nonimmigrant is a resident or nonresident for tax purposes.

**Tax Treaty** • Some international students and scholars may be allowed to take advantage of a tax treaty. The U.S. has an agreement (treaty) with 50+ different countries that determine how the country's residents will be taxed while temporarily in the U.S. A treaty may specify that residents of that country are exempt from all or part of U.S. income tax. These tax treaties are very specific and it should be noted that just because someone is a resident of a tax treaty country does not mean that the person will automatically qualify for tax benefits. If your country is one that carries a tax treaty with the U.S., you will want to complete the [Form 8233](#) before being put on Columbia's payroll (this includes those who will be receiving funding from Columbia). Instructions for completing Form 8233 are on the ISSO web site under Taxes. If you require further information, contact the Columbia University's Human Resources Processing Center at (212) 852-2888.

**Withholding** • The retention of a given amount of a salary or wages by an employer on behalf of the government for tax purposes. Withholding is the term used to describe a portion of your check amount that an employer is required to pay directly to federal, state, and city taxation authorities in anticipation of your annual income tax obligations. The check you receive, therefore, is for less than you earned during the pay period. The amounts withheld are credited toward your tax bill so that most taxpayers will have to pay relatively little additional money at annual tax filing time and many will qualify for a refund of money over-withheld.

**W4 Form** • For those on the Columbia University payroll a W-4 form must be completed before one is able to receive payment. This form is very important. You will receive it along with other employment forms from your employer/department. Nonresidents for tax purposes must complete the W-4 according to certain restrictions. Instructions can be found on the ISSO web site at [www.columbia.edu/cu/isso/tax/](http://www.columbia.edu/cu/isso/tax/).

### **Important Date**

**April 15** • The last day to file an annual tax return with the U.S. government for both residents and nonresidents. This includes those with no U.S.-source income who file [Form 8843](#). It must be postmarked by April 15. For 2011 returns only, your tax return must be postmarked by April 17, 2012.

During tax season (January 1 through April 15), forms are available in most post offices, libraries, and some banks or downloaded from the [IRS](#) web site.