Tax Workshop for MIT Students and Scholars

Residents for Tax Purposes

March 4, 2020
Question & Answer

Go to pigeonhole.at

Enter passcode

MITTAX
Presenters

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  Tax Manager, VPF Tax

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  Associate Director for Customer Service, SFS

Questions and Answers:

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  PwC
Agenda

- Residency Status
- Filing Requirements
- Reportable Income
- Tax Forms
- Tax Treaty Benefits
- Q&A
Residency Status

Resident for U.S. income tax purposes is determined by 2 tests:

1. **Green Card Test**

2. **Substantial Presence Test** – Present in the U.S. for at least 183 days in a calendar year (or combination of 31 days in current and 183 total in past 3 years)
   - **Scholars** – exemption from counting days for teachers and trainers on a J or Q visa for 2 calendar years
   - **Students** – exemption from counting days for students on a F, J, M, or Q visa for 5 years

*Note:*
- *Prior visa and U.S. visit history must be taken into account*
- *Tax residency is separate from immigration residency*
Substantial Presence

• Student vs. Scholar
  o Student – enrolled in an MIT Degree Program; Non-Degree students (Visiting, Special, or Exchange)
  o Scholar – Post Docs, Lecturers, Visiting Professors, Scientists, Scholars and Engineers, and others that have graduated and are now working at MIT

• Student 5-year exemption and Scholar 2-year exemption:
  o The exemption allows students and scholars to remain nonresident aliens for this period of years, thus “exempt” from the substantial presence test
  o Exemption period is by calendar year – even if only in U.S. 1 day during a calendar year, it counts toward total years exempt
Residency Start Date

The residency start date is the \textit{earlier} of the dates determined below:

- Substantial Presence Test – the first day you are present in the U.S. during the calendar year (usually January 1)
- Green Card Test – the date you become a lawful permanent resident

Example: A student on a J-1 visa since September 2014.

- Five calendar years have passed (2014, 2015, 2016, 2017, 2018) that are exempt from the substantial presence test.
- Year 2019 is not exempt. On the 183th day of 2019, the student has met the substantial presence test.
- Under the substantial presence test, the residency start date is the first date of the year the student was in the U.S.
- \textbf{Residency start date} = January 1, 2019
Dual-Status Residency

In rare circumstances an individual can claim dual-status residency, meaning they were a U.S. tax resident for part of the year, and a nonresident alien for the other part of the year. This is usually only possible when:

• Entering the U.S after January 1 during the year that substantial presence is met. Since the start date of residency status is the first day of the calendar year a person is present in the U.S., that person can claim to be a non-resident for the days before they entered the U.S. and a resident for the period after.

• Any individual who becomes a lawful permanent resident during the year may claim to be a nonresident prior to that date.

• Why claim dual-status? U.S. residents are taxed on “worldwide” income whereas nonresidents are only taxed on U.S. sourced income.
Filing Requirements

Who is required to file?

- IRS Interactive Tax Assistant:
  

- You may be entitled to a tax refund if you overpaid federal income taxes throughout the year

- Claim refundable tax credits (e.g. earned income credit, additional child tax credit, American opportunity credit)
Filing Requirements, Cont.

• Form 1040

• Filing Options:
  o Residents can file electronic or paper tax returns
  o Free tax filing options at www.irs.gov/filing/free-file-do-your-federal-taxes-for-free
    Free if below $69,000 in taxable income, otherwise pay a fee
  o United Way’s partnership with H&R Block: https://www.myfreetaxes.com/
    Simple Federal and State returns (no Sch. C, D, or E)

• Due Dates:
  o Federal (IRS), Massachusetts and California – Wednesday, April 15, 2020
  o Other states – check on state tax website
Filing for Individuals

Get free help preparing and filing your taxes

- Use IRS Free File online or get free tax help from trained volunteers at sites around the country.

What You Need to Know

Many people are required to file U.S. tax returns annually, while others choose to file in order to claim credits or other benefits.

Do I Need to File?  How Do I File?  Where Do I File?

Popular

- IRS Free File
- Free tax return preparation by volunteers
- Earned Income Tax Credit
- Where’s My Refund?
- Refund timing for taxpayers who claim EITC or ACTC
- Options for paying your taxes
- Understanding Your IRS Notice or Letter
- Employer Identification Number (EIN)
- Filing past due returns
- Renew Expired ITINs

Forms & Instructions

- Form 1040, U.S. Individual Income Tax Return
- Form 2848, Power of Attorney and Declaration of Representative
- Identity Protection: Prevention, Detection and Victim Assistance
- Replacement Form SSA-1099
**Form 1040**
Department of the Treasury — Internal Revenue Service

**U.S. Individual Income Tax Return**

**2019**

OMB No. 1545-0074
IRS Use Only — Do not write or staple in this space.

**Filing Status**
Check only one box.

- [ ] Single
- [ ] Married filing jointly
- [ ] Married filing separately (MFS)
- [ ] Head of household (HOH)
- [ ] Qualifying widow(er) (QW)

If you checked the MFS box, enter the name of spouse. If you checked the HOH or QW box, enter the child’s name if the qualifying person is a child but not your dependent.

### Your first name and middle initial

### Last name

### Your social security number

If joint return, spouse’s first name and middle initial

### Last name

### Spouse’s social security number

**Home address (number and street). If you have a P.O. box, see instructions.**

### Apt. no.

**City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions).**

### Foreign country name

### Foreign province/state/county

### Foreign postal code

**Presidential Election Campaign**

Check here if you, or your spouse if filing jointly, want $3 to go to this fund.

Checking a box below will not change your tax refund.

- [ ] You
- [ ] Spouse

**If more than four dependents, see instructions and check here ▶**

### Standard Deduction

**Someone can claim:**
- [ ] You as a dependent
- [ ] Your spouse as a dependent
- [ ] Spouse itemizes on a separate return or you were a dual-status alien

**Spouse:**
- [ ] Was born before January 2, 1955
- [ ] Is blind

### Age/Blindness

**Dependents (see instructions):**

<table>
<thead>
<tr>
<th>(1) First name</th>
<th>(2) Social security number</th>
<th>(3) Relationship to you</th>
<th>(4) □ qualifies for (see instructions):</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Child tax credit</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Credit for other dependents</td>
</tr>
</tbody>
</table>

1. Wages, salaries, tips, etc. Attach Form(s) W-2
2a. Tax-exempt interest...
2a. Taxable interest. Attach Sch. B if required
3a. Qualified dividends...
3a. Ordinary dividends. Attach Sch. D if required
4a. IRA distributions...
4a. Taxable amount...
5a. Social security benefits...
5a. Taxable amount...
6. Capital gain or (loss). Attach Schedule D if required. If not required, check here...
7a. Other income from Schedule 1, line 9...
7b. Add lines 1, 2b, 3b, 4b, 6b, and 7a. This is your total income...
8a. Adjustments to income from Schedule 1, line 22...
8b. Subtract line 8a from line 7b. This is your adjusted gross income...
9. Standard deduction or itemized deductions (from Schedule A)... 9
10. Qualified business income deduction. Attach Form 8995 or Form 8995-A...
11a. Add lines 9 and 10...
11b. Taxable income. Subtract line 11a from line 8b. If zero or less, enter 0...

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 13260B

Form 1040 (2019)
Reportable Income

Residents are taxed on worldwide income – report all income from any source (*U.S. and foreign*):

- Salaries (W-2)
- Taxable fellowships, scholarships and grants (1042-S or none)
- Bank interest and dividends (1099)
- Investment income (1099)
- Royalties, prizes, and awards (1099)
- Real estate rentals and sale proceeds (none)
Fellowships, Scholarships and Grants

Money received for the purpose of study or research:

- Non-Taxable “Qualified” Fellowship and Scholarship Amounts:
  - Degree candidate, and
  - Amounts received are used to pay tuition and fees for enrollment, or for books, supplies, and equipment required for courses

- Taxable:
  - All other amounts, such as amounts used for room and board, travel, research and equipment not required for a course
  - Amounts received for services that are required as a condition of receiving the otherwise qualified amount (e.g. research assistant stipend amount, postdoctoral fellowship)
Determine Amount of Taxable Scholarships & Fellowships

Methods to Assist in Determining Amount of Taxable Scholarships & Fellowships:

1. IRS Interactive Tax Assistant – online interview to determine how much of your scholarship, fellowship, or education grant to include as income:
   [https://www.irs.gov/help/ita/do-i-include-my-scholarship-fellowship-or-education-grant-as-income-on-my-tax-return](https://www.irs.gov/help/ita/do-i-include-my-scholarship-fellowship-or-education-grant-as-income-on-my-tax-return)

2. IRS Publication 970, Worksheet 1-1:
Reporting Taxable Fellowships & Scholarships

• Amounts to Report:
  o W-2 (only for services in relation to fellowship/scholarship)
  o Grant/Fellowship/Scholarship Letter
  o Personal Bank Account or Student Account

• Where to Report:
  o Form 1040, Line 1 – include the taxable portion in the “Wages, salaries, tips” line of the return. If not included on a W-2 or 1042-S enter “SCH” along the line.
  o Form 1040NR, 1040NR-EZ – report on “Scholarship and fellowship grants” line
Foreign Income

Resident taxpayers are subject to income from all sources, even income fully earned and sourced to another country, including:

- Investment Income – royalties, interest, etc.
- Real Estate Income, including:
  - Rental income from non-U.S. property
  - Capital gains from sale of property inside or outside of the U.S.

Foreign Tax Credit/Deduction

Foreign Assets/Accounts

Additional forms required if you have foreign assets or bank accounts that exceed certain thresholds:

- **Foreign Assets** – Form 8938, Statement of Specified Foreign Financial Assets
  - Threshold - $50,000 or more depending on filing status

- **Foreign Bank Accounts** – FinCEN Form 114 (“FBAR”)
  - Threshold - $10,000 in an account over which you have signature or other authority
  - File electronically through BSA E-FilingSystem website at [bsaefiling.fincen.treas.gov/NoRegFBARFiler.html](http://bsaefiling.fincen.treas.gov/NoRegFBARFiler.html)
Estimated Tax Payments

If you expect to owe taxes on income received that was not subject to tax withholding, you should pay quarterly estimated taxes with the IRS and to any state in which you are required to file to avoid any penalties.

• Examples of when you want to pay estimated taxes:
  o Received taxable scholarship/fellowship income (U.S. or foreign)
  o Significant foreign-sourced income
  o You are self-employed

• How to make estimated tax payments:
  o Form 1040-ES – provides a worksheet to estimate taxes and instructions on how to pay by check, phone or electronically
Tax Treaties

A resident does not typically receive the benefit of a tax treaty because the treaty only covers a number of years, which is the same as the substantial presence visa exemption period.

- Treaty Saving Clause – allows country to tax income when an individual meets residency status in that country.
- Exceptions to Saving Clauses – allow continuation of treaty benefits for the period specified in the treaty for that type of income, for example:
  - UK treaty allows treaty for students without limit
  - Exception clause is in all but two treaties (Greece and Pakistan)

Contact VPF HR/Payroll (payroll@mit.edu) for instructions on how to employ a treaty savings clause.
Tax Treaties

Example of Savings Clause and Exception – may be hard to locate in treaty, check the miscellaneous provisions.

U.S. – UK Tax Treaty
Article 1, General Scope

4. Notwithstanding any provision of this Convention except paragraph 5 of this Article, the [U.S] may tax its residents… and… its citizens, as if the Convention had not come into effect.

5. The provisions of paragraph 4 of this Article shall not affect:
(b) The benefits conferred… under paragraph… 20 (Students), 20A (Teachers), 21 (Students and Trainees)... upon individuals who are neither citizens of, nor have been admitted for permanent residence in, [the U.S.].
How to Claim Tax Treaty on Form 1040

• Include the treaty-exempt income in the “wages, tips, salaries, etc.” line of the tax return
• Take the treaty-exempt income out as a negative amount on the “other income” line and handwritten “See Attached 8833” on the dotted line next to the income
  o Check the box to indicate you are a U.S. citizen or resident
  o Provide the appropriate treaty info in Section 1
  o In the narrative section include a brief immigration history and substantiation for treaty claim
• Mail your return, forms, and schedules based on the IRS Form 1040 instructions: https://www.irs.gov/pub/irs-pdf/i1040gi.pdf
How to Claim Tax Treaty on Form 1040

Example – Assuming $10,000 of treaty exempt income

Form 1040, Line 1

<table>
<thead>
<tr>
<th></th>
<th>Wages, salaries, tips, etc. Attach Form(s) W-2</th>
<th>SCH</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td>1</td>
<td>10,000 00</td>
</tr>
<tr>
<td>2a</td>
<td>Tax-exempt interest</td>
<td>2a</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2b</td>
<td>Taxable interest</td>
<td>2b</td>
<td></td>
</tr>
</tbody>
</table>

Form 1040, Schedule 1, Line 8

<table>
<thead>
<tr>
<th></th>
<th>Other income. List type and amount See Attached 8833</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Other income. List type and amount See Attached 8833</td>
<td>8</td>
</tr>
<tr>
<td>8</td>
<td>-10,000</td>
<td></td>
</tr>
</tbody>
</table>
Tax Forms

Following are examples of common tax forms you may receive from MIT:

- W-2
- 1042-S
- 1098-T
Form W-2

<table>
<thead>
<tr>
<th>Employee’s social security number</th>
<th>OMB No. 1545-0008</th>
</tr>
</thead>
<tbody>
<tr>
<td>22222</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Employer identification number (EIN)</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>04-2103594</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Employer’s name, address, and ZIP code</th>
<th>Phone Num</th>
</tr>
</thead>
<tbody>
<tr>
<td>Massachusetts Institute of Technology</td>
<td></td>
</tr>
<tr>
<td>77 Massachusetts Ave</td>
<td></td>
</tr>
<tr>
<td>Cambridge, MA 02139, United States</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Control number</th>
<th>Verification code</th>
<th>Dependent care benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Employee’s first name and initial</th>
<th>Last name</th>
<th>Suff.</th>
<th>Nonqualified plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>John</td>
<td>Doe</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Anystreet</th>
<th>Phone Num</th>
</tr>
</thead>
<tbody>
<tr>
<td>123</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Anytown</th>
<th>MA 02139, United States</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>State</th>
<th>Employer’s state ID number</th>
<th>State wages, tips, etc.</th>
<th>State income tax</th>
<th>Local wages, tips, etc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>MA xx</td>
<td>10,000</td>
<td>500</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

W-2 Wage and Tax Statement 2019

Department of the Treasury—Internal Revenue Service

Copy 1—For State, City, or Local Tax Department
**Form 1042-S**

**Foreign Person’s U.S. Source Income Subject to Withholding**

<table>
<thead>
<tr>
<th>1 Income code</th>
<th>2 Gross income</th>
<th>3a Exemption code</th>
<th>3b Exemption code</th>
<th>13a Recipient’s U.S. TIN, if any</th>
<th>13f Ch. 3 status code</th>
</tr>
</thead>
<tbody>
<tr>
<td>16</td>
<td>10,000</td>
<td></td>
<td></td>
<td>XXX-XX-XXXX</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>5 Withholding allowance</th>
<th>6 Net income</th>
<th>7 Federal tax withheld</th>
<th>7b Check if federal tax withheld was not deposited with the IRS because escrow procedures were applied (see instructions)</th>
<th>13h Recipient’s GIIN</th>
<th>13g Ch. 4 status code</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>10,000</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>7a Federal tax withheld</th>
<th>13l Recipient’s date of birth (YYYYMMDD)</th>
<th>13k Recipient’s account number</th>
<th>13i Recipient’s foreign tax identification number, if any</th>
<th>13j LOB code</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,400</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>8 Tax withheld by other agents</th>
<th>9 Overwithheld tax repaid to recipient pursuant to adjustment procedures (see instructions)</th>
<th>10 Total withholding credit (combine boxes 7a, 8, and 9)</th>
<th>14a Primary Withholding Agent’s Name (if applicable)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1,400</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>11 Tax paid by withholding agent (amounts not withheld) (see instructions)</th>
<th>12a Withholding agent’s EIN</th>
<th>12b Ch. 3 status code</th>
<th>12c Ch. 4 status code</th>
<th>14b Primary Withholding Agent’s EIN</th>
<th>15 Check if pro-rata basis reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>12d Withholding agent’s name</th>
<th>12e Withholding agent’s Global Intermediary Identification Number (GII)</th>
<th>12f Country code</th>
<th>12g Foreign taxpayer identification number, if any</th>
<th>15a Intermediary or flow-through entity’s EIN, if any</th>
<th>15b Ch. 3 status code</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>15d Intermediary or flow-through entity’s name</th>
<th>15e Intermediary or flow-through entity’s GIIN</th>
<th>15f Country code</th>
<th>15g Foreign tax identification number, if any</th>
<th>16a Payer’s name</th>
<th>16b Payer’s TIN</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>16c Payer’s GIIN</th>
<th>16d Ch. 3 status code</th>
<th>16e Ch. 4 status code</th>
<th>17a State income tax withheld</th>
<th>17b Payer’s state tax no.</th>
<th>17c Name of state</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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<td></td>
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</tr>
</tbody>
</table>

**MIT Office of the Vice President for Finance**

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For Privacy Act and Paperwork Reduction Act Notice, see instructions.
Form 1098-T

Form 1098-T is a tax document that reports payments of qualified tuition and related expenses (QTRE), as well as scholarships and grants disbursed during the calendar year.

MIT issues Form 1098-T **only to MIT students whose scholarships and grants do not exceed qualified tuition and related expenses for the calendar year.** Copies of Form 1098-T are also filed with the Internal Revenue Service (IRS).

The following students will **not** receive a 1098-T form:

- Students enrolled in courses that do not lead to a post-secondary degree at MIT (e.g. visiting students & executive students)
- Students whose QTRE is 100% covered by scholarships and grants during calendar year 2019

Form 1098-T will be available electronically via MITPAY at the end of January.


Please consult your tax advisor for specific tax questions or advice.
Form 1098-T, continued

<table>
<thead>
<tr>
<th><strong>FILER’S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number</strong></th>
<th><strong>1 Payments received for qualified tuition and related expenses</strong></th>
<th><strong>ORM No. 1545-1574</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$2</td>
<td>2019</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Tuition Statement</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Copy B</strong></td>
</tr>
<tr>
<td>For Student</td>
</tr>
<tr>
<td>This is important tax information and is being furnished to the IRS. This form must be used to complete Form 8863 to claim education credits. Give it to the tax preparer or use it to prepare the tax return.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>FILER’S employer identification no.</strong></th>
<th><strong>STUDENT’S TIN</strong></th>
<th><strong>3</strong></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>STUDENT’S name</strong></th>
<th><strong>4 Adjustments made for a prior year</strong></th>
<th><strong>5 Scholarships or grants</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Street address (including apt. no.)</strong></th>
<th><strong>4 Adjustments made for a prior year</strong></th>
<th><strong>5 Scholarships or grants</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>City or town, state or province, country, and ZIP or foreign postal code</strong></th>
<th><strong>6 Adjustments to scholarships or grants for a prior year</strong></th>
<th><strong>7 Checked if the amount in box 1 includes amounts for an academic period beginning January—March 2020</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Service Provider/Acct. No. (see instr.)</strong></th>
<th><strong>8 Check if at least half-time student</strong></th>
<th><strong>9 Check if a graduate student</strong></th>
<th><strong>10 Ins. contract reimb./refund</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Form 1098-T</strong></th>
<th><strong>(keep for your records)</strong></th>
<th><strong><a href="http://www.irs.gov/Form1098T">www.irs.gov/Form1098T</a></strong></th>
<th><strong>Department of the Treasury - Internal Revenue Service</strong></th>
</tr>
</thead>
</table>
Form 1098-T, continued

<table>
<thead>
<tr>
<th>MIT provides Form 1098-T to U.S. resident students:</th>
<th>Student may prepare Form 8863 – Education Credits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Box 1: Tuition + Student Fee <strong>paid</strong> during Calendar Year 2019</td>
<td>Report qualifying expenses from Form 1098-T Box 1 to claim credits.</td>
</tr>
<tr>
<td></td>
<td><strong>Note that students may report calendar year 2019 expenses + first semester expenses for 2020 (Box 7 checked) however, you may NOT double-count the first semester 2020 expenses when preparing your 2020 individual income tax return.</strong></td>
</tr>
</tbody>
</table>
Form 1098-T, continued

<table>
<thead>
<tr>
<th>MIT provides Form 1098-T to U.S. resident students:</th>
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<tr>
<td>Box 5: Scholarships and/or grants paid during Calendar Year 2019 Scholarships and grants generally include:</td>
<td></td>
</tr>
<tr>
<td>• All payments designated as grants or scholarships that are administered and processed by MIT SFS</td>
<td></td>
</tr>
<tr>
<td>• All payments by third parties, including governmental and private entities, civic and religious organizations and nonprofit entities, to offset the cost of attendance</td>
<td></td>
</tr>
<tr>
<td>Scholarships and grants paid during Calendar Year 2019 may reduce the amount of qualified educational expenses used in calculating education credits on Form 8863.</td>
<td></td>
</tr>
</tbody>
</table>
Massachusetts Tax Filings

• For Massachusetts state income tax, you are deemed a full year resident if you maintain a permanent place of abode in MA & you spend more than 183 days of the taxable year in MA

• If the above tests are not met, you are generally a nonresident for MA income tax. Earn more than $8,000 & the income is not exempt from taxation under a treaty, file MAForm 1-NR, if you are a nonresident alien. (Federal tax return may still be required)
  o Income less than $8,000 – May want to file MA Form 1-NR to claim refund of any tax withheld

• Resident, file MA Form 1. Need to prove you have health insurance – Form MA 1099-HC, Individual Mandate Massachusetts Health Care Coverage

https://www.mass.gov/guides/personal-income-tax-for-residents#filing-requirements
Massachusetts Tax Filings

• Permanent place of abode depends on the type of housing. If you live off-campus & are not affiliated with MIT, you may be deemed to have a permanent place of abode in Massachusetts, if you are a non-U.S. citizen

• U.S. citizens still financially supported by parents are generally deemed to be residents of the state of parents’ residency
  o Unless U.S. citizen student provides more than one-half of his or her own financial support, likely supported by parents

• Form 1099-HC is not attached to the Massachusetts return but you will need its information to complete the Massachusetts return
  o Informational Form Only – No Tax – Penalty assessed up to 50% of minimum monthly insurance premium qualified through MA Health Connector
Other States

If you worked or were a student in more than one state (CA and MA for example), in the same year because you moved from one state to another, you may be required to file tax forms in each state.

Which form to use?

• Non-resident/Part-year resident – Generally less than 183 days present in a state or no place of abode (rental apartment, home, or similar dwelling)
  o Taxed on only income earned in the state and/or all income received or earned during part-year residency

• Resident – Living in a state, or more than 183 days presence, with place of abode
  o Taxed on income from all sources

• Tax credits may be available on income taxed by both states
Healthcare

- Health Care Forms 1095-B or 1095-C
  - Forms are not required to file tax returns and may not be received before individuals file 2019 returns (if received, keep in your records)
  - Health insurance coverage from a foreign provider must meet MA state requirements for comparable coverage of health services – waiver requests will be reviewed by Gallagher Student Health [https://www.gallagherstudent.com/students/student-home.php](https://www.gallagherstudent.com/students/student-home.php)
IRS Form W-4 – Employee’s Withholding Certificate

The IRS redesigned Form W-4 in 2020 to reduce the form's complexity and increase the transparency and accuracy of the withholding system. https://www.irs.gov/forms-pubs/about-form-w-4

• Allowances are no longer used for the redesigned Form W-4. In the past, the value of a withholding allowance was tied to the amount of the personal exemption. Due to changes in tax law, you can no longer claim personal exemptions or dependency exemptions.

• Employees who have furnished Form W-4 in any year before 2020 are not required to provide a new form merely because of the redesign. Employers will continue to compute withholding based on the information from the employee's most recently completed Form W-4.

• The IRS encourages taxpayers to use the online Estimator tool for assistance: https://www.irs.gov/individuals/tax-withholding-estimator
Survey Link

- [https://www.surveymonkey.com/r/P87XQC6](https://www.surveymonkey.com/r/P87XQC6)
Question & Answer

Go to pigeonhole.at

Enter passcode

MITTAX