

sprintax

# A quick guide to US taxes for J participants

[www.sprintax.com](http://www.sprintax.com)





Sprintax Forms is uniquely designed to support nonresident workers to prepare for US employment. With Sprintax Forms, individuals on student or short-term working visas can ensure they are taxed correctly from the start by preparing their pre-employment tax forms including W-4, 8233, W-8BEN and more.

When you start a new job in the US, your employer will ask you to complete some important tax documents. These documents will determine how much tax is deducted from your wages. With Sprintax Forms, you can ensure you do not pay any more tax than you need to.

## Earning income and US taxation

If you are earning income in the US on a J-1 visa, you will have to pay tax. No surprises there!

But what may surprise you is that not everyone in the US is taxed the same.

In fact, tax rates and rules differ depending on whether you are considered a US resident or nonresident for tax purposes.

So, in this quick guide, we are going to take a closer look at how you can ensure you have a clean tax record while working in the US.



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## Does my tax residency status matter?

Determining your tax residency status while on your J-1 visa is important, as it will decide how much tax you must pay while in the US.

A resident alien is typically taxed on their worldwide income, the same as a US citizen.

Resident aliens must report all types of income and the amounts earned inside and outside the US. Meanwhile, a nonresident alien must pay federal tax on income earned in the US and/or income connected with US trade or business.

Nonresident aliens are also legally required to file a tax return to account for each year they earned income in the US.

Even if you did not earn income during your time in the US as a nonresident, you must still file a Form 8843 before the tax deadline.





## Am I a resident or nonresident alien?

To be considered a resident for tax purposes, J-1 visa holders must meet the Substantial Presence Test or Green Card Test for the calendar year.

Alternatively, you will be considered a nonresident for tax purposes if you have not passed the substantial presence test, or you do not have a green card.

## What is the Substantial Presence Test?

In order to pass the Substantial Presence Test, you have to be physically present in the US on at least:

- ▶ 31 days during the current year, and
- ▶ 183 days during the 3-year period that includes the current year and the 2 years immediately before that, counting:
  - **All the days** you were present in the current year, and
  - **1/3 of the days** you were present in the first year before the current year, and
  - **1/6 of the days** you were present in the second year before the current year.

You can easily determine your US tax residency status for free by creating a Sprintax account!



## Do I need a Social Security Number?

Yes!

You will need your Social Security Number (SSN) when you start working, open a bank account, need medical treatment or apply for Social Security benefits.

Your SSN will also be considered your US taxpayer identification number (TIN). In other words, you will need to have your SSN close by when you sit down to file your end of year tax return. In order to request a social security card, nonresidents must complete a Form SS-5.

## Individual Taxpayer Identification Number (ITIN)

If you are not eligible for a SSN, you will instead need to apply for an ITIN. In order to apply for an ITIN, you must complete a W-7 Form.



## Paying the right amount of tax on your income

When you start a new job in the US, your employer will ask you to complete some important tax documents.

These documents will ensure that the correct amount of tax is withheld from your salary. If these forms are not completed correctly, you could end up paying too much tax!

## Can I claim a tax treaty benefit or tax exemption?

Many J-1 visa holders are entitled to claim tax treaty benefits. The US has signed tax treaty agreements with more than 65 countries around the world. If you are entitled to benefit from one of these agreements, you could potentially save a lot on your taxes.

In order to claim your benefits, you will need to complete the correct tax forms with your employer.

Let's take a closer look at some of the most important forms you may need to provide to your employer.



## Important forms



01

### W-4 Form

The W-4 is used by both residents and nonresidents. Every employee working in the US must complete a W-4 form when starting a new job.

This form is used to determine exactly how much tax your employer should withhold from your paycheck.

02

### W-8BEN Form

J-1 visa holders can potentially reduce their tax liability by claiming tax treaty benefits. In order to avail of a treaty relief, nonresidents must complete a Form W-8BEN.

03

### Form 8233

Every J-1 visa holder who earns a certain type of scholarship, personal services or fellowship income (including compensatory scholarship or fellowship income from the same withholding agent) is required to file a Form 8233.

This form can also be used to claim tax treaty exemption from tax withholding for certain personal services.



## Who can help me to prepare the forms I need?

Sprintax Forms can help you to prepare every form you need when starting a new job as a nonresident on a J-1 visa in the US.

This includes forms W-4, 8233, W-8BEN and more. Get started with Sprintax:

#### Step 01

Go to [sprintax.com/forms](https://sprintax.com/forms) to create your Sprintax account.

#### Step 02

Complete our easy online questionnaire.

#### Step 03

Our software will take it from there and generate all the forms you need.

## By using Sprintax Forms you can:



Ensure you pay the correct amount of tax on your income



Claim your tax treaty benefits



Avail of 24/7 tax support



**Don't pay more tax than you need to!**

Learn more about how Sprintax Forms can help you with your pre-employment documents.

The logo for Sprintax, featuring the word "sprintax" in a lowercase, sans-serif font, with a stylized 'x' that has a small dot above it.

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Excellent  ★ Trustpilot