

Welcome to CIRCLE's video series on Understanding Financial Resources

In Episode 6, we'll talk about **Tax Implications** when receiving a scholarship for Undergraduate International Students.

Taxes are complex. No two student's taxes will look the same so it is important to process your tax documents individually. This video will give you a general overview of taxes and your responsibilities to file taxes as an international student.

If you receive a scholarship, know that some of your scholarship money may be taxed. For undergraduate international students, taxes will only be counted when your scholarship exceeds your tuition costs. For example, if you receive a \$14,000 scholarship and tuition you have to pay is \$12,000, only \$2,000 of the scholarship will be taxed. This is because tuition is considered an education expense and is tax free. Even if you pay the other \$2000 to educational expenses such as books, the non-tuition amount will still be taxed.

When you work in the U.S., your employer will withhold money from your paycheck each month. This doesn't happen when you receive scholarships. This is why, you need to plan to pay taxes after receiving the scholarship. When you receive a scholarship, the UW Payroll Office will send you a 1042S form in February for scholarships you received the previous calendar year. The 1042S form will include the entire amount you owe in taxes, if any. It is **very important** that you DO NOT do your taxes before receiving the 1042S form if you received a scholarship.

Always remember that International Student Services gives UW international students free access to the Glacier Tax Prep Program. Glacier helps students with F-1 and J-1 visas file their taxes. Other services such as TurboTax or H & R Block will not help with non-resident tax filing.

When using the Glacier tax prep to file, you'll be able to input the information from the 1042S form in the program. Once you are done filing, depending on your tax liability, you will either receive a refund or might need to pay money to the IRS.

As you plan to file your taxes, keep in mind that your tax liability for scholarships might be zero if you are a citizen of a country that has a tax treaty with the United States. To know which countries entered a treaty with the US, please visit the IRS website link listed in the description of this video. If you are a citizen of one of these countries, you need to file a W-8 BEN form with Student Fiscal Services to get the tax treaty benefits.

Understanding taxes and how they work can be complicated. This is why we have a few resources listed in the description of this video to help you understand tax implications.

Remember that not every situation is going to be the same for all students so what worked for your friend might not end up working for you.

This video is narrated by Morris Chang on behalf of the Student Advisory Board at CIRCLE

Remember to subscribe and share our videos, see you next time!