

Episode 7 Script

Welcome to CIRCLE's video series on Understanding Financial Resources

In previous episodes we talked about what is a scholarship, understanding eligibility requirements and visa implications when receiving a scholarship.

In Episode 7, we'll talk about **Tax Implications** when receiving a scholarship for International Graduate Students.

Taxes are complex, and no two student's taxes will look the same. So, it is important to prepare for your taxes based on individual circumstances. This video will give you a general overview of taxes and your responsibilities to file taxes as an international graduate student.

If you receive a scholarship, grant or fellowship from the UW or an external entity in the United States, please note that some of that money may be a taxable income. What are examples of taxable income? Let's review some different scenarios.

During your time at UW, you might work as a research or teaching assistant. If this is the case, the payroll office will withhold federal taxes on your paycheck as your pay is considered taxable income. Since you are an international student, you do not have to pay the Social Security Tax and the Medicare Tax when you are filing taxes as a non-resident alien for U.S. tax purposes.

If you receive a stipend or fellowship from UW, the payroll office will **not** withhold taxes from your paychecks. This is because this payment is counted as scholarship money. When the UW does not withhold taxes from your stipend, it does not mean you do not owe any taxes. It only means that you will have to pay taxes when you file a tax return for that calendar year.

When you receive a scholarship or stipend, the UW Payroll Office will send you a 1042S form in February for scholarships or stipends you received the previous calendar year. The 1042S form will include the amount you owe in taxes based on the income that you received in the prior year. Please note that you might receive more than one 1042S forms if you receive a scholarship **and** a stipend from the UW since these are different types of income. As a result, it is **very important** that you **DO NOT** submit your taxes before collecting all the 1042S forms you need to receive.

Always remember that International Student Services gives UW international students free access to the Glacier Tax Prep Program. The Glacier Tax Prep program 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 taxes, you'll be able to input the information from the 1042S form and the W-2 form into the program. Once you are done filing, depending on your tax liability, you will either receive a refund or need to pay additional money to the Internal Revenue Service, which is known as IRS.

As you plan to file your taxes, keep in mind that your tax liability for scholarships, grants or fellowships 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. [PAUSE] 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 Ziyan Bai on behalf of the Student Advisory Board

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