

Tax Information Webcast for Graduate Students

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Introduction

Today's Presenters:

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Topics for Discussion

- U.S. Tax Overview
- Residency Status
- Reportable Income
- Deductions and Credits
- Paying Taxes
- Filing Requirements
- State Taxation
- Social Taxes

U.S. Tax System

Pay-as-you-go System

- Pay most of your tax during the year as you earn income
 - Withholding
 - Estimated tax payments

Self Assessment System

- Taxpayers must declare and pay tax without assessment by the taxing authority

Types of Taxes

- Income Taxes
 - Federal
 - State
 - Local/City
- FICA Taxes
 - Social Security
 - Medicare
- Self Employment Tax

Timing

- Calendar year tax year (January 1 - December 31)
- Tax return filing date is April 18 2023, instead of April 15, because of the Emancipation Day holiday
- Extension of filing deadline available, but tax is still due April 18

Federal Taxation

Tax Residency Tests

Residence for U.S. income tax purposes for foreign nationals is determined by 2 tests:

1. Green Card (Permanent Resident) Test

- Green card holder = resident
- Exception for residency tie breakers

2. Substantial Presence Test (SPT)

- If in U.S. 183 days in current year = resident
- If in U.S. less than 31 days in current year = nonresident
- If in U.S. more than 30 days, but less than 183 days in current year, “lookback rule” is applied:

Current year:	100% of U.S. days	XX
First prior year:	1/3 of U.S. days	XX
<u>Second prior year:</u>	<u>1/6 of U.S. days</u>	<u>XX</u>
Total U.S. days		YY*

* If YY = or > 183 days = resident

Exceptions to SPT:

- Teachers/trainees on J or Q visa – exempt from counting days of U.S. physical presence for purposes of SPT for **2 out of the last 6 calendar years**
- Students on F, J, M or Q visa – exempt from counting days of U.S. physical presence for purposes of SPT for **5 calendar years (or longer!)**

Taxation - Resident vs. Nonresident

	U.S. Resident Taxation	U.S. Nonresident Taxation
Income	<ul style="list-style-type: none"> • Salary (worldwide) • Taxable fellowships, scholarships and grants (worldwide) • Interest income, dividend income, capital gain income (worldwide) • Rental property (worldwide) 	<ul style="list-style-type: none"> • Salary (U.S. Source) • Taxable fellowships, scholarships and grants (U.S. Source) • Interest income (possible exception on bank interest), dividend income (U.S. source) • Rental property (U.S. source)
Deductions	<ul style="list-style-type: none"> • State income tax/real estate tax (capped) • Mortgage interest • Charitable contributions • There are no longer deductions for dependents • Standard deduction allowed <ul style="list-style-type: none"> ○ Fixed deduction between \$12,950 and \$25,900 depending on marital status (updated annually) ○ Residents choose the greater of itemized deductions or the standard deduction 	<ul style="list-style-type: none"> • State income tax (capped) • Charitable contributions • No standard deduction allowed

Treaty Exemptions

The U.S. has tax treaties with a number of countries, which may reduce/exempt U.S. taxes on certain types of payments for tax residents of the treaty country

If this applies to you

Complete Form 8233 (for compensation) or Form W-8BEN (income other than compensation)

Form 8233 will need to be completed and provided for the University for implementation

The University will then exempt the applicable amount from withholding

Later discussion on examples

File a tax return to claim benefits

Generally, all foreign nationals who earn income in the U.S. must file a tax return, and exemption from U.S. tax under treaty does not relieve the filing obligation

You will receive a 1042-S showing the full amount paid and whether a treaty exemption applied

Income received that is exempt from tax under a treaty must still be reported on the tax return

You can still apply for tax treaties when you file your income tax return

<https://www.irs.gov/businesses/international-businesses/united-states-income-tax-treaties-a-to-z>

Federal Taxation - Scholarships and Fellowships

If you receive a scholarship, a fellowship grant, or other grant, all or part of the amounts you receive may be tax-free

Qualified Scholarships and Fellowships

Not taxable, if:

- You are enrolled as a candidate for a degree, and
- The scholarship/fellowship is used to pay fees for enrollment, books, supplies and equipment required for the courses

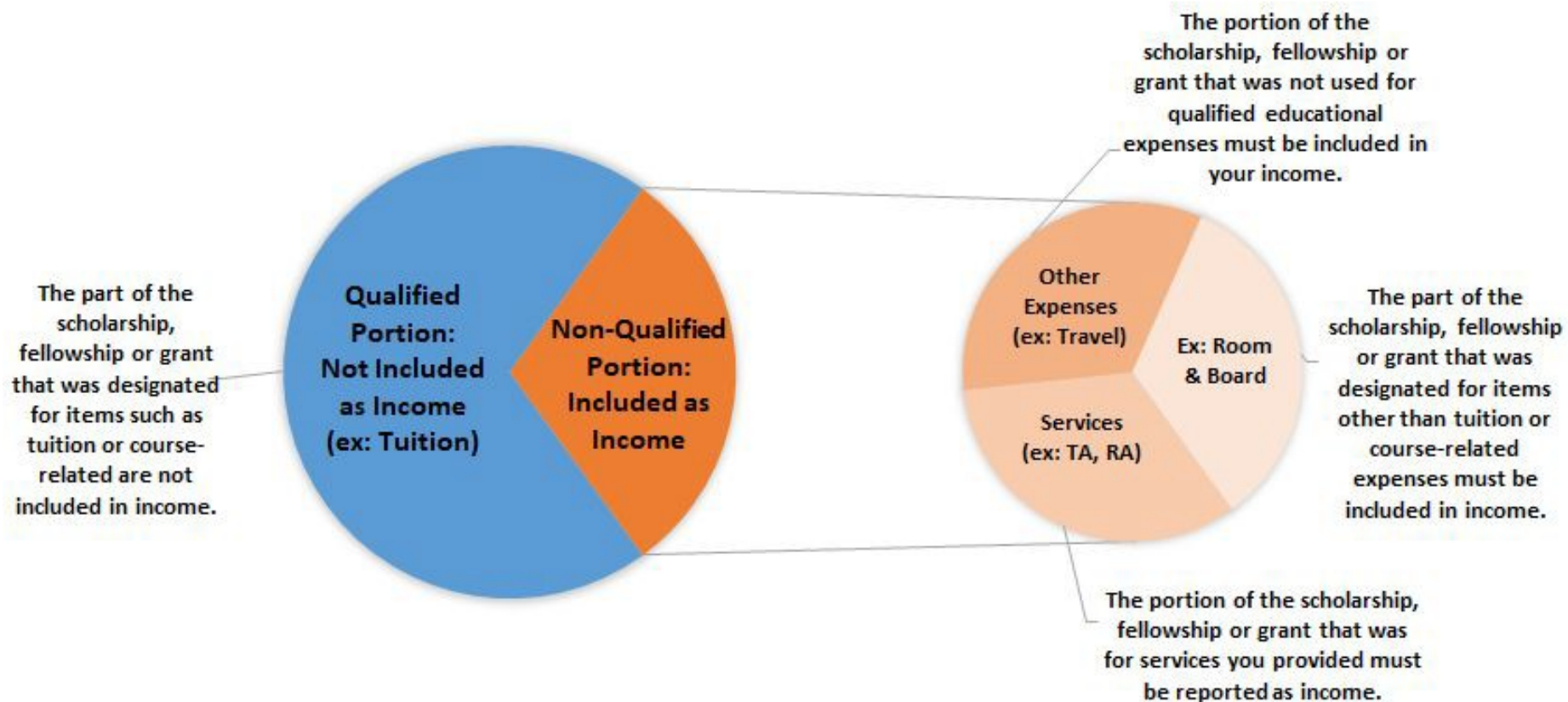
Non-Qualified Scholarships and Fellowships

Considered taxable, if:

- Includes stipends for living expenses such as room and board, travel, research, and optional equipment
- Amounts received as payments for teaching, research, or other services required as a condition for receiving the scholarship or fellowship grant


Report this income on the wages line of your tax return.

DO I INCLUDE MY SCHOLARSHIP, FELLOWSHIP, OR EDUCATION GRANT AS INCOME ON MY TAX RETURN?



Taxable Scholarship and Fellowship

Worksheet 1-1. Taxable Scholarship and Fellowship Grant Income

Keep for Your Records 

1. Enter the total amount of any scholarship or fellowship grant for 2021. See Amount of scholarship or fellowship grant , earlier	1. _____
<ul style="list-style-type: none">• If you are a degree candidate at an eligible educational institution, go to line 2.• If you aren't a degree candidate at an eligible educational institution, stop here. The entire amount is taxable. For information on how to report this amount on your tax return, see Reporting Scholarships and Fellowship Grants, later.	
2. Enter the amount from line 1 that was for teaching, research, or any other services required as a condition for receiving the scholarship. Don't include amounts received for these items under the National Health Service Corps Scholarship Program, the Armed Forces Health Professions Scholarship and Financial Assistance Program, or a comprehensive student work-learning-service program (as defined in section 448(e) of the Higher Education Act of 1965) operated by a work college (as defined in that section)	2. _____
3. Subtract line 2 from line 1	3. _____
4. Enter the amount from line 3 that your scholarship or fellowship grant required you to use for other than qualified education expenses	4. _____
5. Subtract line 4 from line 3	5. _____
6. Enter the amount of your qualified education expenses	6. _____
7. Enter the smaller of line 5 or line 6. This amount is the most you can exclude from your gross income (the tax-free part of the scholarship or fellowship grant)	7. _____
8. Subtract line 7 from line 5	8. _____
9. Taxable part. Add lines 2, 4, and 8. See Reporting Scholarships and Fellowship Grants , later, for how to report this amount on your tax return	9. _____

IRS Publication 970 Worksheet 1-1

Used to figure the amount of scholarship or fellowship which is tax-free (Line 7) and amount which is taxable (Line 9)

<https://www.irs.gov/forms-pubs/about-publication-970>

Taxable Scholarship and Fellowship

Q - If I received an outside scholarship, am I required to pay tax on it?

A - Generally, if the scholarship is used for qualified education expenses (such as tuition and fees), then it is not considered taxable.

If any portion of the scholarship is used for non-qualified expenses, then that portion will need to be reported as taxable income.

Federal Taxation - Income Types

Income Type	Taxable Income	Tax Withholding (Resident)	Tax Withholding (Nonresident)	Notes
Qualified Scholarship or Fellowship	No	No	No	Not subject to tax
Non-Qualified Scholarship or Fellowship (or stipend)	Yes	No	Yes	Nonresident withholding on Form 1042-S
Prize or Award	Yes	No	Yes	
Assistantship in Teaching/Research	Yes	Yes	Yes	Withholding based on Form W-4 completed by student
Other Hourly Wages	Yes	Yes	Yes	

Tax Deductions and Credits - Resident Taxpayers

Tax Deductions Reduce taxable income	Tax Credits Reduce tax liability
Examples of Tax Deductions: <ul style="list-style-type: none">• Student Loan Interest Deduction• Self-Employment Tax• Standard Deduction• Itemized Deductions	Examples of Tax Credits: <ul style="list-style-type: none">• American Opportunity Tax Credit• Lifetime Learning Credit• Foreign tax credit• Child tax credit

Tax Deductions

Tax Deductions	Reduce taxable income	
Student Loan Interest Deduction	Up to \$2,500, subject to phaseouts (2022) <ul style="list-style-type: none"> • Single phase out \$70,000 - \$85,000 • Married filing jointly phaseout \$140,000 - \$175,000 	Before adjusted gross income (AGI) is calculated
Self-Employment Tax	Deduct employer equivalent portion of self employment tax (50% of SE tax)	
Standard Deduction	Fixed deduction (2022) for resident taxpayers depending on marital status (updated annually) <ul style="list-style-type: none"> • Single/Married filing separately \$12,950 • Married filing jointly \$25,900 	After adjusted gross income, before taxable income is calculated
Itemized Deductions	Deduction for expenses allowed by the IRS Common examples: <ul style="list-style-type: none"> • State taxes paid (capped) • Charitable contributions • Mortgage Interest (resident taxpayers) 	Resident taxpayers can claim either standard deduction or itemized deductions

Tax Credits - Education

Tax Credits	Reduce tax liability		
American Opportunity Tax Credit (AOTC)	Up to \$2,500 per eligible student, subject to phaseouts (2022) <ul style="list-style-type: none"> • Single phase out \$80,000 - \$90,000 • Married filing jointly phaseout \$160,000 - \$180,000 Credit for qualified education expenses paid for an eligible student for the first four years of higher education	40% (up to \$1,000) is refundable	For payments made in 2022 for academic periods beginning in 2022 or the first 3 months of 2023
Lifetime Learning Credit (LLC)	Up to \$2,000 per tax return, subject to phaseouts (2022) <ul style="list-style-type: none"> • Single phase out \$80,000 - \$90,000 • Married filing jointly phaseout \$160,000 - \$180,000 Credit for qualified tuition and fees paid for eligible students for all years of post-secondary education and courses to acquire/improve job skills. This credit is per Taxpayer, not per Student	Not refundable	Resident taxpayers only Can only claim one credit per student per tax year Claim on Form 8863

Tax Credits - Education

Q - I am a Nonresident Alien, can I claim an education tax credit?

A - Generally, a Nonresident Alien cannot claim an education tax credit unless:

- you are married and choose to file a joint return with a U.S. citizen or resident spouse, or
- you are a married dual-status alien, and choose to be treated as a U.S. resident for the entire year. See Publication 519, U.S. Tax Guide for Aliens for more information.

Tax Credits - Other Examples

Tax Credits	Reduce tax liability		
Foreign Tax Credit	If you paid or accrued foreign taxes to a foreign country on foreign source income and you are subject to U.S. tax on that same income <ul style="list-style-type: none"> • Reduces double taxation • Limited to the lesser of the U.S. tax liability on the foreign sourced income or foreign taxes paid/accrued 	Not refundable	Claim on Form 1116
Child Tax Credit	Up to \$2,000 for each qualifying child in 2022, subject to phaseouts <ul style="list-style-type: none"> • The credit amount begins to phase out where modified adjusted gross income (MAGI) exceeds: <ul style="list-style-type: none"> ○ Single phase out begins at \$200,000 ○ Married filing jointly phase out begins at \$400,000 Child must be U.S. citizen or resident alien and have a Social Security Number The increased age allowance for a qualifying child has expired. A child must be 17 at the end of 2022 to be a qualifying child. Advance child tax credit payments have not been issued for 2022.	Many changes to the CTC for 2021 implemented by the American Rescue Plan Act of 2021 have expired	Claim on Form 8812
Credit for Other Dependents	Up to \$500 per dependent, subject to phaseouts <ul style="list-style-type: none"> • Single phase out begins at \$200,000 • Married filing jointly phase out begins at \$400,000 For dependents who are not qualifying children for the Child Tax Credit. Dependents must have SSN or ITIN.	Not refundable	

Federal Tax Rate Schedules

Taxable Income		Federal Tax Rates (2022)
Single Individual	Married Filing Joint	
\$0 - \$10,275	\$0 - \$20,550	10%
\$10,275 - \$41,775	\$20,550 - \$83,550	12%
\$41,775 - \$89,075	\$83,550 - \$178,150	22%
\$89,075 - \$170,050	\$178,150 - \$340,100	24%
\$170,050 - \$215,950	\$340,100 - \$431,900	32%
\$215,950 - \$539,900	\$431,900 - \$647,850	35%
\$539,900 and above	\$647,850 and above	37%

Progressive tax

- The tax rate increases as your income increases
- Tax brackets are adjusted annually for inflation
- If your taxable income is under \$100,000, use the IRS tax tables to determine tax liability

Filing status

- Determines which tax rates apply to you
- Marital status as of December 31 of the tax year
- Nonresident married taxpayers cannot use the joint filers rates

Example - Calculate Tax Liability

Single Resident Taxpayer	
Taxable Fellowship Income	\$30,000
+ Plus: Interest Income	\$30
= Adjusted Gross Income	\$30,030
- Less: Standard deduction*	(\$12,950)
= Taxable Income	\$17,080

* Only available to U.S. tax residents

Taxable Income	Federal Tax Rates (2022)
Single Individual	
\$0 - \$10,275	10%
\$10,275 - \$41,775	12%
\$41,775 - \$89,075	22%

Taxable income \$17,080

→ 10% X \$10,275 = \$1,028

→ 12% X \$6,805** = \$817

Federal tax liability

→ \$1,028 + \$816 = **\$1,845**

Tax liability per tax tables = **\$1,844**

** (\$17,080-\$10,275)

If line 15 (taxable income) is—		And you are—			
At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household
17,000					
17,000	17,050	1,838	1,703	1,838	1,750
17,050	17,100	1,844	1,708	1,844	1,756
17,100	17,150	1,850	1,713	1,850	1,762
17,150	17,200	1,856	1,718	1,856	1,768
17,200	17,250	1,862	1,723	1,862	1,774
17,250	17,300	1,868	1,728	1,868	1,780
17,300	17,350	1,874	1,733	1,874	1,786
17,350	17,400	1,880	1,738	1,880	1,792
17,400	17,450	1,886	1,743	1,886	1,798
17,450	17,500	1,892	1,748	1,892	1,804
17,500	17,550	1,898	1,753	1,898	1,810
17,550	17,600	1,904	1,758	1,904	1,816
17,600	17,650	1,910	1,763	1,910	1,822
17,650	17,700	1,916	1,768	1,916	1,828
17,700	17,750	1,922	1,773	1,922	1,834
17,750	17,800	1,928	1,778	1,928	1,840
17,800	17,850	1,934	1,783	1,934	1,846
17,850	17,900	1,940	1,788	1,940	1,852
17,900	17,950	1,946	1,793	1,946	1,858
17,950	18,000	1,952	1,798	1,952	1,864

Sample Pay Statement


Statement of Earnings, Taxes & Deductions			TAX DATA:		Federal		NJ State		Princeton University		
Princeton Tiger Emplid: 912345678	Department Mail Drop:	123456 123456	Marital Status: Allowances: Add. Amt:	M 1 0.00	M 1 1	Pay Group: Pay Begin Date: Pay End Date:	MCG 12/01/2017#: 12/31/2017	313094 Check Date: 12/21/2017			
HOURS AND EARNINGS				TAXES							
		Current		YTD		Current		YTD			
Description	Rate	Hours	Earnings	Hours	Earnings						
Tuition Support			4,894.00		47,908.00	Fed Withholding	207.92	1,558.76			
Fellowship Stipend - Acad Year			0.00		16,380.00	NJ Withholding	49.25	337.00			
Asst in Research - Acad Year			1,407.50		5,630.00	Fed MED EE	0.00	116.00			
Asst in Instruction - Acad Yr			1,555.00		6,220.00	Fed OASD/EE	0.00	496.00			
Asst in Research - Summer			0.00		8,000.00						
BEFORE-TAX DEDUCTIONS			AFTER-TAX DEDUCTIONS			EMPLOYER PAID BENEFITS					
Current	YTD		Current	YTD		Current	YTD				
			Student Bill	180.00	2,517.76						
TOTAL GROSS		FED TAXABLE GROSS		TOTAL TAXES		TOTAL DEDUCTIONS		NET PAY			
Current	2,962.50	2,962.50	2,962.50	257.17	2,525.33	180.00	2,525.33				
YTD	36,230.00	19,850.00	19,850.00	2,507.76	31,204.48	2,517.76	31,204.48				

Non Taxable Tuition Support

Taxable Fellowship Stipend:
Self report on tax return
Make any necessary quarterly tax payments

Taxable Compensation (AI, AR, Hourly Work):
Reported on W-2 at year end
Taxes withheld on paycheck

Deductions

Confidential 

Payment of Taxes

The U.S. is a pay-as-you-go tax system - Pay most of your tax during the year as you earn or receive income via withholding and estimated tax payments

If you do not pay enough tax during the year, either through withholding or by making estimated tax payments, you may be subject to an underpayment penalty

“Safe Harbor” - To avoid an underpayment penalty, you must pay at least 90% of the taxes owed for a given year — or 100% of the liability from the prior year (110% if your prior year's adjusted gross income exceeded \$150,000)

Tax Withholding	Estimated Tax Payments
<p>Taxes are withheld from income you receive and the amount withheld is paid to the IRS on your behalf</p> <p>Amount of tax withheld is based on Form W-4 Information</p> <p>IRS W-4 App - Tax Withholding Estimator https://www.irs.gov/individuals/tax-withholding-estimator</p>	<p>Method of paying tax on income that is not subject to withholding</p> <p>There are four payment periods</p> <p>Payments can be made by mailing a check, paying online, or by phone https://www.irs.gov/payments</p>

Estimated Tax Payments

Taxpayers should make estimated tax payments if:

- Tax withheld from income is not enough to cover tax liability for the year
- Income received did not have taxes withheld

Examples of when you want to pay estimated taxes:

- Received taxable scholarship/fellowship income (U.S. or Foreign)
- Significant investment or foreign sourced income
- In business for yourself

When to pay estimated tax payments:

For the period	Est. Tax Due Date
Jan 1 - March 31	April 15
Jan 1 - May 31	June 15
Jan 1 - Aug. 31	September 15
Jan 1 - Dec. 31	January 15, <i>next year</i>

Estimated Tax Payments

Form 1040-ES


- Worksheet to estimate taxes (regular installment method)
- Instructions on how to pay (by check, by phone or electronically)

How to determine estimated tax payments:

1. Calculate total tax liability for the year on all income
2. Determine amount you must pay by the due date of each payment period (to avoid a penalty for that period)

Regular Installment Method	Annualized Installment Method
<ul style="list-style-type: none">• If your income is basically the same throughout the year• Divide total estimated tax due by 4	<ul style="list-style-type: none">• If income is not received evenly throughout the year• Use Worksheet 2-7 of Pub. 505 Annualized Estimated Tax Worksheet to determine quarterly payment amounts required

2022 Estimated Tax Worksheet

2021 Estimated Tax Worksheet		Keep for Your Records 
1	Adjusted gross income you expect in 2021 (see instructions)	1
2a	Deductions <ul style="list-style-type: none"> If you plan to itemize deductions, enter the estimated total of your itemized deductions. If you don't plan to itemize deductions, enter your standard deduction. 	2a
b	If you can take the qualified business income deduction, enter the estimated amount of the deduction	2b
c	Add lines 2a and 2b	2c
3	Subtract line 2c from line 1	3
4	Tax. Figure your tax on the amount on line 3 by using the 2021 Tax Rate Schedules . Caution: If you will have qualified dividends or a net capital gain, or expect to exclude or deduct foreign earned income or housing, see Worksheets 2-5 and 2-6 in Pub. 505 to figure the tax.	4
5	Alternative minimum tax from Form 6251	5
6	Add lines 4 and 5. Add to this amount any other taxes you expect to include in the total on Form 1040, line 16	6
7	Credits (see instructions). Do not include any income tax withholding on this line	7
8	Subtract line 7 from line 6. If zero or less, enter -0-	8
9	Self-employment tax (see instructions)	9
10	Other taxes (see instructions)	10
11a	Add lines 8 through 10	11a
b	Earned income credit, additional child tax credit, fuel tax credit, net premium tax credit, refundable American opportunity credit, and refundable credit from Form 8885*	11b
c	Total 2021 estimated tax. Subtract line 11b from line 11a. If zero or less, enter -0-	11c
12a	Multiply line 11c by 90% (66 ² / ₃ % for farmers and fishermen)	12a
b	Required annual payment based on prior year's tax (see instructions)	12b
c	Required annual payment to avoid a penalty. Enter the smaller of line 12a or 12b Caution: Generally, if you do not prepay (through income tax withholding and estimated tax payments) at least the amount on line 12c, you may owe a penalty for not paying enough estimated tax. To avoid a penalty, make sure your estimate on line 11c is as accurate as possible. Even if you pay the required annual payment, you may still owe tax when you file your return. If you prefer, you can pay the amount shown on line 11c. For details, see chapter 2 of Pub. 505.	12c
13	Income tax withheld and estimated to be withheld during 2021 (including income tax withholding on pensions, annuities, certain deferred income, etc.)	13
14a	Subtract line 13 from line 12c Is the result zero or less? <input type="checkbox"/> Yes. Stop here. You are not required to make estimated tax payments. <input type="checkbox"/> No. Go to line 14b.	14a
b	Subtract line 13 from line 11c Is the result less than \$1,000? <input type="checkbox"/> Yes. Stop here. You are not required to make estimated tax payments. <input type="checkbox"/> No. Go to line 15 to figure your required payment.	14b
15	If the first payment you are required to make is due April 15, 2021, enter 1/4 of line 14a (minus any 2020 overpayment that you are applying to this installment) here, and on your estimated tax payment voucher(s) if you are paying by check or money order *If applicable.	15

Estimated Tax Worksheet - Form 1040-ES

Use for Regular Installment Method

- Lines 1 - 11c estimate annual tax liability
- Lines 12a-c determine safe harbor amount
- Line 13 accounts for withholdings (from previous job, spouse's job, etc)
- Lines 14a-b determines if estimated payments are required
- Line 15 is quarterly payment amount

Paying Estimated Tax Payments

Make tax payments online - <https://www.irs.gov/payments>

The screenshot shows the IRS website's 'Paying Your Taxes' page. The top navigation bar includes 'File', 'Pay', 'Refunds', 'Credits & Deductions', and 'Forms & Instructions'. The main content area is titled 'Paying Your Taxes' and features a sidebar with links to 'Bank Account (Direct Pay)', 'Pay by Debit or Credit Card', 'Payment Plan', 'Deposit Taxes', 'View Your Account', 'Penalties', 'Tax Withholding', 'Understand Your IRS Notice', and 'Foreign Electronic Payments'. The main content area includes a 'Deadline to File and Pay Taxes Was May 17' alert, a 'Pay Your Taxes Now' section with buttons for 'Bank Account (Direct Pay)' and 'Debit Card or Credit Card', a 'View Your Balance and Payment Activity' section with a 'View Your Account' button, and an 'Other Ways You Can Pay' section listing options like 'Electronic Federal Tax Payment System', 'Electronic Funds Withdrawal', 'Same-Day Wire', 'Check or money order', and 'Cash'. A 'Can't Pay Now?' section provides information on installment agreements and offers in compromise. A video player for 'Easy Ways to Pay My IRS Taxes' is also visible.



Direct Pay

[Have questions or need additional information?](#) | [Español](#)



Tax Information

Select the appropriate payment type and reason for your payment. Information about payment types can be found by clicking the help icon (?). If you are making more than one type of payment or making payments for more than one tax year, submit each of them separately.

Business Taxes?

All business tax payments should be made through the [Electronic Federal Tax Payment System \(EFTPS\)](#)

Reason for Payment	?
Estimated Tax	▼
Apply Payment To	?
1040ES (for 1040, 1040A, 1040EZ)	▼
Tax Period for Payment	?
2022	▼

CONTINUE >

Penalties & Interest

Failure to File Penalty	Failure to Pay Penalty	Underpayment Penalty (Failure to Pay Proper Estimated Tax)	Interest
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When penalties apply: Filing your tax return (or extension) late and/or not paying taxes owed when they are due

- If you owe taxes and do not file a tax return or extension on time
- You will incur different penalties (and owe the IRS interest) if you filed your return or extension on time, but do not pay the taxes you owe by the tax deadline

When penalties generally don't apply: If you are expecting a refund and do not file a tax return on time.

It is better to file your tax return (or extension) and pay as much taxes as you can, vs. not filing at all - The penalties for not filing a tax return (or a tax extension) are higher than not paying taxes owed

Penalties & Interest

Failure to File Penalty	Failure to Pay Penalty	Underpayment Penalty (Failure to Pay Proper Estimated Tax)	Interest
<p>When you don't file your tax return by the return due date, April 15, or extended due date if an extension to file is requested and approved</p>	<p>When you don't pay the taxes reported on your return in full by the due date, April 15</p> <p>An extension to file doesn't extend the time to pay</p>	<p>When you don't pay enough taxes due for the year</p> <p>Estimated tax payments are generally required if you expect to owe \$1,000 or more when the return is filed.</p> <p>"Safe Harbor" - To avoid an underpayment penalty, you must pay at least 90% of the taxes owed for a given year — or 100% of the liability from the prior year (110% if your prior year's AGI exceeded \$150,000)</p>	<p>When you do not pay the amount owed on time, the IRS is required by law to charge interest</p> <p>Generally, the IRS charges interest from the due date of your return (regardless of extensions) until you pay the amount you owe in full, including all interest and any penalty charges</p>
<ul style="list-style-type: none"> • 5% per month of amount owed • Reduced by the "failure to pay" penalty amount for any month where both penalties apply 	<ul style="list-style-type: none"> • 0.5% of tax not paid by due date, April 15 • Recurring charge on the remaining unpaid tax each month or part of a month following the due date, until the tax is fully paid or until 25% is reached • Full monthly charge applies, even if the tax is paid before the month ends 	<ul style="list-style-type: none"> • Calculated on Form 2210 • 1.744% of the amount you owe (using "short method") • Penalty applies to each period separately 	<ul style="list-style-type: none"> • Currently 3% (updated quarterly) • Federal short-term rate plus 3 percentage points • Compounds daily

Filing Requirements

U.S. Federal tax return is due April 15 for the previous tax year

- If you cannot file by this date, you can file Form 4868 to request a 6 month extension (extended filing deadline is Oct. 15)
- All tax is still due April 15

If your withholding/estimated tax payments were close to your final liability, you should have a small refund or balance due with filing your tax return

Residents	Nonresidents
<ul style="list-style-type: none">• Form 1040 Federal Income Tax Return• Reporting worldwide income received during the tax year	F, J, M or Q visa holders: <ul style="list-style-type: none">• Form 8843 to claim nonresident tax status• Form 1040NR Federal Income Tax Return • Reporting any U.S. sourced income received during the calendar year All other visa holders: <ul style="list-style-type: none">• Form 1040NR Federal Income Tax Return• Reporting any U.S. sourced income received during the calendar year

Form 1040 Federal Income Tax Return - Resident

Form **1040** Department of the Treasury—Internal Revenue Service (99) **2021** U.S. Individual Income Tax Return OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

Filing Status Single Married filing jointly Married filing separately (MFS) Head of household (HOH) Qualifying widow(er) (QW)
 Check only one box. If you checked the MFS box, enter the name of your 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. 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 or refund.
 You Spouse

City, town, or post office. If you have a foreign address, also complete spaces below. State ZIP code
 Foreign country name Foreign province/state/country Foreign postal code

At any time during 2021, did you receive, sell, exchange, or otherwise dispose of any financial interest in any virtual currency? Yes No

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

Age/Blindness You: Were born before January 2, 1957 Are blind **Spouse:** Was born before January 2, 1957 Is blind

Dependents (see instructions):
 (1) First name Last name (2) Social security number (3) Relationship to you (4) If qualifies for (see instructions):
 Child tax credit Credit for other dependents

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

Attach Sch. B if required.

Standard Deduction for—
 • Single or Married filing separately, \$12,550
 • Married filing jointly or Qualifying widow(er), \$25,100
 • Head of household, \$18,800
 • If you checked any box under Standard Deduction, see instructions.

1	Wages, salaries, tips, etc. Attach Form(s) W-2	1
2a	Tax-exempt interest	2b
3a	Qualified dividends	3b
4a	IRA distributions	4b
5a	Pensions and annuities	5b
6a	Social security benefits	6b
7	Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ <input type="checkbox"/>	7
8	Other income from Schedule 1, line 10	8
9	Add lines 1, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income	9
10	Adjustments to income from Schedule 1, line 26	10
11	Subtract line 10 from line 9. This is your adjusted gross income	11
12a	Standard deduction or itemized deductions (from Schedule A)	12a
b	Charitable contributions if you take the standard deduction (see instructions)	12b
c	Add lines 12a and 12b	12c
13	Qualified business income deduction from Form 8995 or Form 8995-A	13
14	Add lines 12c and 13	14
15	Taxable income. Subtract line 14 from line 11. If zero or less, enter -0-	15

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11320B Form 1040 (2021)

Form 1040 (2021) Page 2

16	Tax (see instructions). Check if any from Form(s): 1 <input type="checkbox"/> 8814 2 <input type="checkbox"/> 4972 3 <input type="checkbox"/>	16
17	Amount from Schedule 2, line 3	17
18	Add lines 16 and 17	18
19	Nonrefundable child tax credit or credit for other dependents from Schedule 8812	19
20	Amount from Schedule 3, line 8	20
21	Add lines 19 and 20	21
22	Subtract line 21 from line 18. If zero or less, enter -0-	22
23	Other taxes, including self-employment tax, from Schedule 2, line 21	23
24	Add lines 22 and 23. This is your total tax	24
25	Federal income tax withheld from:	
a	Form(s) W-2	25a
b	Form(s) 1099	25b
c	Other forms (see instructions)	25c
d	Add lines 25a through 25c	25d
26	2021 estimated tax payments and amount applied from 2020 return	26
27a	Earned income credit (EIC) Check here if you were born after January 1, 1998, and before January 2, 2004, and you satisfy all the other requirements for taxpayers who are at least age 18, to claim the EIC. See instructions ▶ <input type="checkbox"/>	27a
b	Nontaxable combat pay election	27b
c	Prior year (2019) earned income	27c
28	Refundable child tax credit or additional child tax credit from Schedule 8812	28
29	American opportunity credit from Form 8863, line 8	29
30	Recovery rebate credit. See instructions	30
31	Amount from Schedule 3, line 15	31
32	Add lines 27a and 28 through 31. These are your total other payments and refundable credits	32
33	Add lines 25d, 26, and 32. These are your total payments	33
34	If line 33 is more than line 24, subtract line 24 from line 33. This is the amount you overpaid	34
35a	Amount of line 34 you want refunded to you . If Form 8888 is attached, check here ▶	35a
b	Routing number ▶ c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings	
d	Account number	
36	Amount of line 34 you want applied to your 2022 estimated tax	36
37	Amount you owe. Subtract line 33 from line 24. For details on how to pay, see instructions ▶	37
38	Estimated tax penalty (see instructions)	38

Refund
 Direct deposit? See instructions.
 ▶ b Routing number ▶ c Type: Checking Savings
 ▶ d Account number

Amount You Owe
 37 Amount you owe. Subtract line 33 from line 24. For details on how to pay, see instructions ▶
 38 Estimated tax penalty (see instructions)

Third Party Designee
 Do you want to allow another person to discuss this return with the IRS? See instructions Yes. Complete below. No
 Designee's name ▶ Phone no. ▶ Personal identification number (PIN) ▶

Sign Here
 Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.
 Your signature Date Your occupation If the IRS sent you an Identity Protection PIN, enter it here (see inst.) ▶
 Joint return? See instructions. Keep a copy for your records.
 Spouse's signature. If a joint return, both must sign. Date Spouse's occupation If the IRS sent your spouse an Identity Protection PIN, enter it here (see inst.) ▶
 Phone no. Email address

Paid Preparer Use Only
 Preparer's name Preparer's signature Date PTIN Check if:
 Self-employed
 Firm's name ▶ Phone no.
 Firm's address ▶ Firm's EIN ▶

Go to www.irs.gov/Form1040 for instructions and the latest information. Form 1040 (2021)

Form 1040NR Federal Income Tax Return - Nonresident

1040-NR Department of the Treasury—Internal Revenue Service (99) **2021** OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

Filing Status
 Single Married filing separately (MFS) Qualifying widow(er) (QW)
 Check only one box. If you checked the 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 identifying number (see instructions) _____

Home address (number and street or rural route). If you have a P.O. box, see instructions. _____ Apt. no. _____ Check if: Individual Estate or Trust

City, town, or post office. If you have a foreign address, also complete spaces below. _____ State _____ ZIP code _____

Foreign country name _____ Foreign province/state/county _____ Foreign postal code _____

At any time during 2021, did you receive, sell, exchange, or otherwise dispose of any financial interest in any virtual currency? Yes No

Dependents (see instructions):	(1) First name	Last name	(2) Dependent's identifying number	(3) Dependent's relationship to you	(4) <input checked="" type="checkbox"/> If qualifies for (see inst.):	
					Child tax credit	Credit for other dependents
					<input type="checkbox"/>	<input type="checkbox"/>
					<input type="checkbox"/>	<input type="checkbox"/>
					<input type="checkbox"/>	<input type="checkbox"/>

If more than four dependents, see instructions and check here

Income Effectively Connected With U.S. Trade or Business

1a	2a	2b	3a	3b	4a	4b	5a	5b	6	7	8	9	10a	10b	10c	10d	11	12a	12b	12c	13a	13b	13c	14	15
Wages, salaries, tips, etc. Attach Form(s) W-2																									
Scholarship and fellowship grants. Attach Form(s) 1042-S or required statement. See instructions																									
Total income exempt by a treaty from Schedule OI (Form 1040-NR), Item L, line 1(e)																									
Tax-exempt interest																									
Qualified dividends																									
IRA distributions																									
Pensions and annuities																									
Reserved for future use																									
Capital gain or (loss). Attach Schedule D (Form 1040) if required. If not required, check here <input type="checkbox"/>																									
Other income from Schedule 1 (Form 1040), line 10																									
Add lines 1a, 1b, 2b, 3b, 4b, 5b, 7, and 8. This is your total effectively connected income																									
Adjustments to income:																									
From Schedule 1 (Form 1040), line 26																									
Reserved for future use																									
Scholarship and fellowship grants excluded																									
Add lines 10a and 10c. These are your total adjustments to income																									
Subtract line 10d from line 9. This is your adjusted gross income																									
Itemized deductions (from Schedule A (Form 1040-NR)) or, for certain residents of India, standard deduction. See instructions																									
Charitable contributions for certain residents of India. See instructions																									
Add lines 12a and 12b																									
Qualified business income deduction from Form 8995 or Form 8995-A																									
Exemptions for estates and trusts only. See instructions																									
Add lines 13a and 13b																									
Add lines 12c and 13c																									
Taxable income. Subtract line 14 from line 11. If zero or less, enter -0-																									

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11364D Form 1040-NR (2021)

Form 1040-NR (2021) Page 2

16	Tax (see instructions). Check if any from Form(s): 1 <input type="checkbox"/> 8814 2 <input type="checkbox"/> 4972 3 <input type="checkbox"/>	16
17	Amount from Schedule 2 (Form 1040), line 3	17
18	Add lines 16 and 17	18
19	Nonrefundable child tax credit or credit for other dependents from Schedule 8812 (Form 1040)	19
20	Amount from Schedule 3 (Form 1040), line 8	20
21	Add lines 19 and 20	21
22	Subtract line 21 from line 18. If zero or less, enter -0-	22
23a	Tax on income not effectively connected with a U.S. trade or business from Schedule NEC (Form 1040-NR), line 15	23a
23b	Other taxes, including self-employment tax, from Schedule 2 (Form 1040), line 21	23b
23c	Transportation tax (see instructions)	23c
23d	Add lines 23a through 23c	23d
24	Add lines 22 and 23d. This is your total tax	24
25	Federal income tax withheld from:	25
25a	Form(s) W-2	25a
25b	Form(s) 1099	25b
25c	Other forms (see instructions)	25c
25d	Add lines 25a through 25c	25d
25e	Form(s) 8805	25e
25f	Form(s) 8288-A	25f
25g	Form(s) 1042-S	25g
26	2021 estimated tax payments and amount applied from 2020 return	26
27	Reserved for future use	27
28	Refundable child tax credit or additional child tax credit from Schedule 8812 (Form 1040)	28
29	Credit for amount paid with Form 1040-C	29
30	Reserved for future use	30
31	Amount from Schedule 3 (Form 1040), line 15	31
32	Add lines 28, 29, and 31. These are your total other payments and refundable credits	32
33	Add lines 25d, 25e, 25f, 25g, 26, and 32. These are your total payments	33
34	If line 33 is more than line 24, subtract line 24 from line 33. This is the amount you overpaid	34
35a	Amount of line 34 you want refunded to you . If Form 8888 is attached, check here <input type="checkbox"/>	35a
35b	Routing number <input type="text"/> ▶ c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings	
35d	Account number <input type="text"/>	
35e	If you want your refund check mailed to an address outside the United States not shown on page 1, enter it here: _____	
36	Amount of line 34 you want applied to your 2022 estimated tax	36
37	Amount you owe. Subtract line 33 from line 24. For details on how to pay, see instructions	37
38	Estimated tax penalty (see instructions)	38
Third Party Designee Do you want to allow another person to discuss this return with the IRS? <input type="checkbox"/> Yes. Complete below. <input type="checkbox"/> No See instructions		
Designee's name <input type="text"/> Phone no. <input type="text"/> Personal identification number (PIN) <input type="text"/>		
Sign Here Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge. Your signature <input type="text"/> Date <input type="text"/> Your occupation <input type="text"/> If the IRS sent you an Identity Protection PIN, enter it here (see inst.) <input type="text"/>		
Phone no. <input type="text"/> Email address <input type="text"/>		
Paid Preparer Use Only Preparer's name <input type="text"/> Preparer's signature <input type="text"/> Date <input type="text"/> PTIN <input type="text"/> Check if: <input type="checkbox"/> Self-employed		
Firm's name <input type="text"/> Phone no. <input type="text"/>		
Firm's address <input type="text"/> Firm's EIN <input type="text"/>		

Go to www.irs.gov/Form1040NR for instructions and the latest information. Form 1040-NR (2021)

Tax Related Document Summary

Tax Document	Issued For
W-2	Salary and wage payments to employees and students (including foreign nationals) excluding wages that are exempt under a tax treaty
1099-MISC	Prizes, royalties, fellowship payments with no federal income tax withheld and other income
1098-T	Tuition statement
1042-S (foreign nationals only)	-- Salary and wage payments to employee and student foreign nationals covered by a tax treaty -- Fellowship payments to employee and student foreign nationals where federal income tax withheld -- Honoraria, prizes and awards, fellowships

Sample Form W-2

	TOTAL GROSS	FED TAXABLE GROSS	TOTAL TAXES	TOTAL DEDUCTIONS	NET PAY
Current	2,962.50	2,962.50	257.17	180.00	2,525.33
YTD	36,230.00	19,850.00	2,507.76	2,517.76	31,204.48

Taxable Compensation (AI, AR)

Form **W-2 Wage and Tax Statement** **2017**

c Employer's name, address, and ZIP code
 PRINCETON UNIVERSITY 01234
 TREASURER'S OFFICE
 701 CARNEGIE CENTER, SUITE 442
 PRINCETON NJ 08544

e Employee's name, address, and ZIP code
 Princeton Tiger
 94 Fake Street
 Apt 66
 Princeton, NJ 08525

7 Social security tips	1 Wages, tips, other compensation 19850.00	2 Federal income tax withheld 1558.76
8 Allocated tips	3 Social security wages 8000.00	4 Social security tax withheld 496.00
9 Verification code	5 Medicare wages and tips 8000.00	6 Medicare tax withheld 116.00
10 Dependent care benefits	11 Nonqualified plans	12a See instructions for box 12
13 <small>Statutory employee Retirement plan Third-party sick pay</small>	14 Other	12b
b Employer identification number (EIN) 21-0634501		12c
a Employee's social security number 000-11-2222		12d
15 State NJ 210-634-501 <small>Employer's state ID number</small>	16 State wages, tips, etc. 19850.00	17 State income tax 337.00
	18 Local wages, tips, etc.	19 Local income tax
		20 Locality name

This information is being furnished to the Internal Revenue Service.
OMB No. 1545-0046

Dept. of the Treasury - IRS
Visit the IRS website at www.irs.gov/efile.

Reporting Taxable Fellowships & Scholarships

Amount to Report:

- Non-qualified fellowship/scholarship
 - W-2 (issued only for services in relation to fellowship/scholarship)
 - Grant/Fellowship/Scholarship Letter

Where to Report:

- 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.

1	Wages, salaries, tips, etc. Attach Form(s) W-2		SCH	1	10,000 00
2a	Tax-exempt interest	2a		2b	
			b Taxable interest		

- Form 1040NR, 1040NR-EZ – report on “Scholarship and fellowship grants” line

10 Adjustments to income:		
a	From Schedule 1 (Form 1040), line 26	10a
b	Reserved for future use	10b
c	Scholarship and fellowship grants excluded	10c
		10,000

State Taxation

New Jersey State Tax Residency

Domicile

- The principal and permanent home which you intend to return whenever absent (such as vacation, business assignment, educational leave, etc.)
- A person can only have one domicile

Permanent place of abode

- A home is not permanent if it is maintained only for a **temporary period to accomplish a particular purpose** (e.g., temporary job assignment)
- A home used only for vacations is not a permanent home

Full Year Resident	Full Year Nonresident	Part Year Resident
<ul style="list-style-type: none"> • New Jersey was your domicile for the entire year, and you did not satisfy all three conditions for nonresident status; or • New Jersey was not your domicile, but you maintained a permanent place of abode in New Jersey for the entire year and you spent more than 183 days in New Jersey. 	<ul style="list-style-type: none"> • New Jersey was not your domicile, and you spent 183 days or less here; or • New Jersey was not your domicile, you spent more than 183 days here, but you did not maintain a permanent home here; or • New Jersey was your domicile and you met all three of the following conditions for the entire year: <ol style="list-style-type: none"> 1.You did not maintain a permanent place of abode in New Jersey; and 2.You did maintain a permanent place of abode outside of New Jersey; and 3.You did not spend more than 30 days in New Jersey. 	<p>If, as a result of a change of your domicile, you met the definition of New Jersey resident or nonresident for only part of the year, you are a</p> <ul style="list-style-type: none"> • Resident for part of the year (part-year resident), and • Nonresident for the remainder of that year (part-year nonresident).

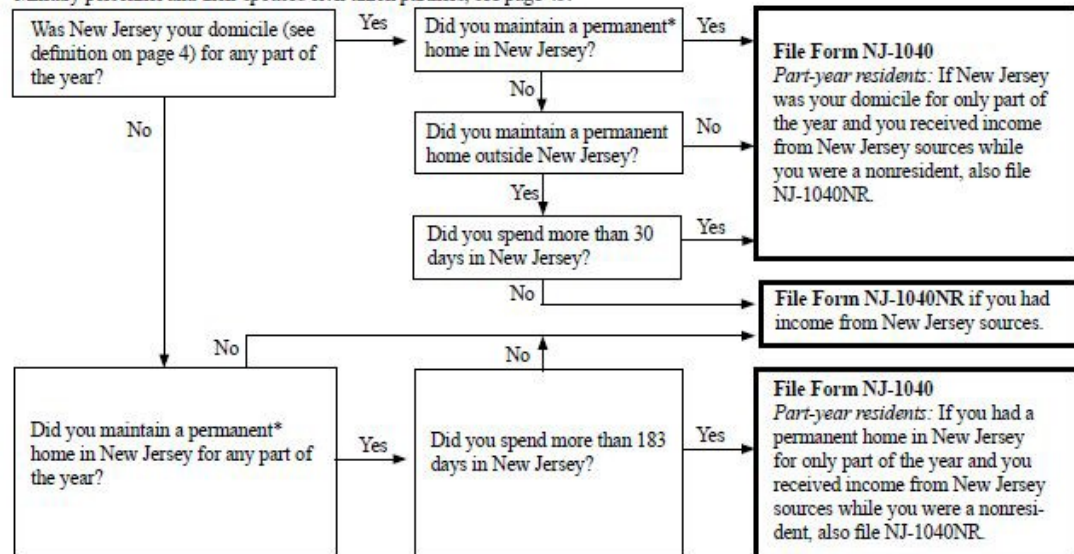
New Jersey Tax Filings

Who should file a New Jersey Tax Return?

- If you are a New Jersey tax resident and received income during the year from any source
- If you are not a New Jersey tax resident but you received income during the tax year from sources within New Jersey

Which Form to File

Military personnel and their spouses/civil union partners, see page 45.



* A home is not permanent if it is maintained only for a temporary period to accomplish a particular purpose (e.g., temporary job assignment). A home used only for vacations is not a permanent home.

New Jersey Residents Working/Living Abroad. Use the chart, "Which Form to File," above to determine if you are considered a New Jersey resident for tax purposes. New Jersey residents working or living abroad have the same filing and payment requirements as residents living in New Jersey.

Part-Year Residents. There is no part-year resident return. You may have to file both Form NJ-1040 to report income you received for the part of the year you were a resident and Form NJ-1040NR if you had income from New Jersey sources for the part of the year you were a nonresident.

New Jersey Taxation of Scholarships/Fellowships

Qualified Scholarship/Fellowship

Not included in New Jersey gross income
(same tax treatment as Federal)

Assistantships in Research and Instruction Stipends, paid as salary

Taxable in New Jersey (same tax
treatment as Federal)

- Will have New Jersey taxes withheld
- Reported on Form W-2 Annual Wage Statement

Fellowship Stipends

Not subject to New Jersey state taxes (but are subject to Federal tax), so long as the below applies (*Per the instructions for New Jersey Resident Return Form NJ-1040 - page 19*)

Scholarships and Fellowship Grants - This type of income is taxable unless the scholarship or grant meets all of the following conditions:

1. The primary purpose of the grant is to further the recipient's education or training; and
2. The grant does not represent payments for past, present, or future services that are subject to the direction or supervision of the grantor (e.g., a fellowship given in exchange for teaching); and
3. The grant is not for the benefit of the grantor.

New Jersey Income Tax Brackets

New Jersey Tax Rate Schedules 2021

FILING STATUS: Single Married/CU partner, filing separate return		Table A				
		STEP 1	STEP 2	STEP 3		
If Taxable Income (Line 41) is:		Enter Line 41	Multiply Line 41 by:			Your Tax
Over	But not over			Subtract		
\$ 0	\$ 20,000	_____	× .014 = _____	– \$ 0 = _____		_____
\$ 20,000	\$ 35,000	_____	× .0175 = _____	– \$ 70.00 = _____		_____
\$ 35,000	\$ 40,000	_____	× .035 = _____	– \$ 682.50 = _____		_____
\$ 40,000	\$ 75,000	_____	× .05525 = _____	– \$ 1,492.50 = _____		_____
\$ 75,000	\$ 500,000	_____	× .0637 = _____	– \$ 2,126.25 = _____		_____
\$ 500,000	\$ 1,000,000	_____	× .0897 = _____	– \$ 15,126.25 = _____		_____
\$ 1,000,000	and over	_____	× .1075 = _____	– \$ 32,926.25 = _____		_____

FILING STATUS: Married/CU couple, filing joint return Head of household Qualifying widow(er)/surviving CU partner		Table B				
		STEP 1	STEP 2	STEP 3		
If Taxable Income (Line 41) is:		Enter Line 41	Multiply Line 41 by:			Your Tax
Over	But not over			Subtract		
\$ 0	\$ 20,000	_____	× .014 = _____	– \$ 0 = _____		_____
\$ 20,000	\$ 50,000	_____	× .0175 = _____	– \$ 70.00 = _____		_____
\$ 50,000	\$ 70,000	_____	× .0245 = _____	– \$ 420.00 = _____		_____
\$ 70,000	\$ 80,000	_____	× .035 = _____	– \$ 1,154.50 = _____		_____
\$ 80,000	\$ 150,000	_____	× .05525 = _____	– \$ 2,775.00 = _____		_____
\$ 150,000	\$ 500,000	_____	× .0637 = _____	– \$ 4,042.50 = _____		_____
\$ 500,000	\$ 1,000,000	_____	× .0897 = _____	– \$ 17,042.50 = _____		_____
\$ 1,000,000	and over	_____	× .1075 = _____	– \$ 34,842.50 = _____		_____

Other States

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

Which form to use?

Nonresident / Part-year Resident

- Generally less than 183 days present in a state or no place of abode, (rental apartment, home, or similar dwelling)
- 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
- Taxed on income from all sources

Other States (cont.)

Where can one find information to help determine if you have a state filing requirement?

- Try searching for the following keywords on your preferred search engine
 - “Individual Income Tax”,
 - “Filing Requirements”, and
 - Specific State
- For example, when you typed “Individual Income Tax Filing Requirements Utah” into a search engine. The first result will be “Who Must File a Utah Income Tax Return” via <https://incometax.utah.gov/instructions/who-must-file>
- If you view this link, you will see it shows “Who Must File?”, “Qualified Exempt Taxpayer” and “Nonresident Filing Exemption”
- Please make sure to use a “.gov” websites. These websites will have the most current information.

Social Taxes

U.S. Social Taxes

The taxes under the Federal Insurance Contributions Act (FICA) are comprised of **social security taxes** and **Medicare taxes**

- Employee working for a U.S. employer typically is liable for U.S. social taxes
- Employee funds 50% and employer funds 50%

Social security - EE Tax rate is 6.2% on wages up to \$147,000 (wage base for tax year 2022) Funds retirement pension	Medicare - EE Tax rate is 1.45% on all wages Funds health insurance at age 65	Additional Medicare - EE Tax rate is 0.9% on wages above a certain threshold Threshold dependent on filing status (\$200,000 for single filers)	Self employment tax Fully funded by self employed individual Covers employee and employer portion Paid through estimated tax payments
--	--	--	---

Student Exemption

- Generally, students do not have to pay FICA taxes if they performs services “as an incident to and for the purpose of pursuing a course of study”
- Students and trainees (on F, J, M, and Q visas) are exempt from U.S. Social Taxes **while a nonresident for Federal purposes using the SPT**

To qualify for Social Security benefits

- Individuals need 10 years of work (40 credits) to be eligible for retirement benefits
- Earn Social Security credits when you work in a job and pay Social Security taxes
- One credit for each \$1,510 of earnings (amount of earnings for tax year 2022), up to the maximum of four credits per year
- Amount of benefit is based on how much you earned during working career and age at which you decide to retire

U.S. Tax System - Recap

Pay-as-you-go System

- Pay most of your tax during the year as you earn income
 - Withholding
 - Estimated tax payments

Self Assessment System

- Taxpayers must declare and pay tax without assessment by the taxing authority

Types of Taxes

- Income Taxes
 - Federal
 - State
 - Local/City
- FICA Taxes
 - Social Security
 - Medicare
- Self Employment Tax

Timing

- Calendar year tax year (January 1 - December 31)
- Tax return filing date is April 18
- Extension of filing deadline available, but tax is still due April 18

Thank you

[pwc.com](https://www.pwc.com)

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