



AMHERST COLLEGE
Office of Financial Aid

B-5 Converse Hall
P.O. Box 5000
Amherst, Massachusetts 01002-5000

Telephone (413) 542-2296
Facsimile (413) 542-2628

MEMORANDUM

DATE: February 2009

TO: International students who received scholarship or grant aid in 2008

RE: Taxability of scholarships and grants

The Tax Reform Act of 1986 specifies that

scholarship amounts granted ... for expenses incurred ... are taxable income, if the aggregate scholarship ... amounts ... exceed tuition and fees (not including room and board), books, supplies, and equipment required for courses of instruction at [an eligible] institution.

Any scholarship or grant aid that is received in a calendar year may be regarded as first applying toward excludable expenses (i.e., tuition and required fees) even though family resources, loans, or student employment may in fact have initially paid those expenses. If you receive scholarship or grant aid in excess of the cost of tuition and fees, the excess amount is taxable.

Other forms of financial aid — loans and student employment — are not covered by these provisions of the tax law. Earnings from student employment, of course, are taxable as wages.

In the instance of international students, the Tax Reform Act of 1986 requires the College to “withhold” taxes from scholarships that cannot be attributed to tuition and fees. This is done by the College’s paying the federal government the calculated tax amount; students’ scholarships are not reduced.

The College issues a statement (IRS Form 1042-S) to each student indicating the amount of taxable scholarship and the amount “withheld” (i.e., paid toward the taxes attributed to scholarships). No 1042-S is issued if there is no tax liability attributable to scholarship aid.

International students are required by federal government rules to file United States income tax Form 1040NR or 1040NR-EZ with the Internal Revenue Service *even if they or have no tax liability* and Form 8843 *even if they have no income*. In some cases, tax treaties between the United States and other governments will limit any tax liability an international student may have.

For further information, you may find IRS publication 519, *U.S. Tax Guide for Aliens*, useful. Information, forms, and publications are available from the IRS Web site, www.irs.gov, or by calling 800-829-3676. In addition, the IRS has a toll-free number (800-829-1040), which you may use to obtain help in completing tax returns.

Completing IRS Form 1040NR-EZ for 2008

Note: *If you had income other than wages and taxable scholarship (e.g., interest, dividends, capital gains), you must complete Form 1040NR, rather than Form 1040NR-EZ.*

Form 1040NR-EZ, first page

- Enter your name, social security number (“Identifying number”), and type of entry visa at the top of the form.
- List your Amherst College address as the “Present home address” and “City, town or post office, state, and ZIP code” on the second and third lines. “Country” on the fourth line may be left blank or “U.S.A.” may be entered.
- Enter your country of citizenship on the fifth line.
- Enter your complete home address in the right-hand box on the sixth line.
- **Line 1.** Check your filing status as “single”.
- **Line 3.** Enter the total of your wages reported in Box 1 of your W-2 form(s) for 2008.
- **Line 4.** If you had a refund in 2008 from state taxes withheld in a previous year, enter the amount.
- **Line 5.** Enter the amount of taxable scholarship from Form 1042-S, box 4 (“net income”) for 2008. Your Form 1042-S will suffice for the “explanation” to be attached.
- **Line 7.** Enter the sum of lines 3, 4, and 5.
- **Line 10.** Repeat line 7.
- **Line 11.** If you had state taxes withheld in 2008, enter the amount from Form W-2, box 17.

If you are a resident of India, note that a special tax-treaty provision allows you to subtract the “standard deduction” that usually applies to U.S tax residents. Enter the standard deduction amount (\$5,450 for a single person for 2008).

- **Line 12.** Subtract line 11 from line 10.
- **Line 13.** Enter \$3,500 (the “personal exemption” for 2008).
- **Line 14.** Subtract line 13 from line 12. If the result is negative, enter zero.
- **Line 15.** Enter your income tax from the attached 2008 tax table.
- **Line 17.** Repeat line 15.
- **Line 18.** Enter the sum of any amounts of U.S. federal tax withheld from wages (Form W-2, box 2) and taxable scholarship (Form 1042-S, box 7).
- **Line 21.** Repeat line 18.
- **Line 22.** If line 21 is greater than line 17, enter the difference between lines 17 and 21. Your tax payment (withholding) exceeds the tax on your income; you are due a refund. Proceed to lines 23a-23d.
- **Lines 23a-23d.** If you are due a refund, you may enter the requested information in order to have your refund deposited directly into your checking or savings account. If you have a refund due and do not enter this information, a paper check will be sent to the “present home address” you entered at the top of the form.

Sample Check—Lines 23b Through 23d

RUFUS MAPLE
MARY MAPLE
123 Main Street
Anyplace, LA 70000

PAY TO THE ORDER OF _____ \$

ANYPLACE BANK
Anyplace, LA 70000

For _____

① 250250025 | 20202086 | 1234

1234
15-00000000

ROUTING number (line 23b) ACCOUNT number (line 23d)

Do not include the check number

Note: The routing and account numbers may be in different places on your check.

- **Line 25.** If line 17 is more than line 21, enter the difference between lines 17 and 21. Your tax payment (withholding) is less than the tax on your income; you owe additional taxes. Send a check for this amount to the Internal Revenue Service with your tax return. Make the check payable to “United States Treasury”.
- **“Sign Here”.** Sign and date your form, and enter your occupation as “Student”.

Form 1040NR-EZ, second page

- **Line A.** Respond to the question.
- **Line B.** Respond to the question.
- **Line C.** Enter “Student” as the purpose of your visit to the United States.
- **Line D.** Enter your visa type (typically “F-1”). In the second line, enter “Student visa issued [date]”, including the date your visa was issued.
- **Line E.** Record the date you first entered the United States under your current visa status.
- **Line F.** Respond to the question.
- **Line G.** List the dates you entered and departed the United States in 2008. If you were present in the U.S. at the beginning or the ending of the year, indicate that as well.
- **Line H.** Respond to the questions.
- **Line I.** Respond to the question(s).
- **Line J.** A list is attached that records the countries with which the United States has a treaty that pertains to scholarship aid. If you are exempt from taxation of your scholarship because of a tax treaty between the United States and your home country, complete the information requested; otherwise, enter “N/A”.

For 2008 and 2007, enter “Scholarship, [amount], Article [number]”, as appropriate. The amount should be taken from your Form 1042-S for each year. The article number should be taken from the listing of countries. Also indicate whether any treaty-exempt income is taxable in your home country.

If you are a resident of India, enter “Standard deduction allowed under U.S-India tax treaty.” for each year, as appropriate.

- **Line K.** Respond to the question. If your answer is “Yes”, add a brief note of explanation.

Form 8843

- Enter your name and social security number, and complete only Parts I and III.

Part I

- **Lines 1a-1b.** Enter the same information as in Form 1040NR-EZ, line D.
- **Line 2.** Respond to the question
- **Lines 3a-3b.** Respond to the questions.
- **Line 4a.** Enter the same numbers you entered in Form 1040NR-EZ, line H. (Note that the year sequence is reversed.)
- **Line 4b.** Enter the same number as your entry for 2008 in line 4a.

Part III

- **Line 9.** Enter "Amherst College, P.O. Box 5000, Amherst, MA 01002, (413) 542-2000".
- **Line 10.** Enter "Gregory Call, Dean of the Faculty, Amherst College, P.O. Box 5000, Amherst, MA 01002, (413) 542-2334".
- **Line 11.** Enter your visa type for any year in which you held an F, J, M, or Q visa. Enter "N/A" for any year that does not apply to you.
- **Line 12.** Respond to the question. If your answer is "Yes", attach a brief explanation with your tax return. On any attachment, include your name, address, social security number, and the form and line to which your explanation pertains.
- **Line 13.** Respond to the question. (The answer should agree with Form 1040NR-EZ, line K.
- **Line 14.** If your answer to line 13 is "Yes", add a brief note of explanation.

Filing Your Return

Send your

- Signed and completed Form 1040NR-EZ
- Completed Form 8843
- The "federal" of your Form(s) W-2 (attached to the front of Form 1040NR-EZ)
- The "federal" copy of your Form 1042-S (attached to the front of Form 1040NR-EZ)
- If additional taxes are due, a check for the amount due payable to "United States Treasury"

To

**Department of the Treasury
Internal Revenue Service Center
Austin, TX 73301-0215
U.S.A.**

Make a copy of your return for your files and, if you are applying for renewal of financial aid, a copy for the Office of Financial Aid.

TAX TREATY EXEMPTION OF SCHOLARSHIP AID

Country	Category	Maximum Presence in U.S.	Payer	Maximum Amount	Treaty Article
Bangladesh	Scholarship	2 years	U.S. or foreign	No limit	21(2)
China	Scholarship	No limit	U.S. or foreign	No limit	20(b)
Commonwealth of Independent States (with no separate treaty)	Scholarship	5 years	U.S. or foreign	\$9,999.99	VI(1)
Cyprus	Scholarship	Generally 5 years	U.S. or foreign	No limit	21(1)
Czech Republic	Scholarship	5 years	U.S. or foreign	No limit	21(1)
Egypt	Scholarship	Generally 5 years	U.S. or foreign	No limit	23(1)
Estonia	Scholarship	5 years	U.S. or foreign	No limit	20(1)
France	Scholarship	5 years	U.S. or foreign	No limit	21(1)
Germany	Scholarship	No limit	U.S. or foreign	No limit	20(3)
Iceland	Scholarship	5 years	U.S. or foreign	No limit	22(1)
Indonesia	Scholarship	5 years	U.S. or foreign	No limit	19(1)
Israel	Scholarship	5 years	U.S. or foreign	No limit	24(1)
Kazakhstan	Scholarship	5 years	U.S. or foreign	No limit	19
Korea, South	Scholarship	5 years	U.S. or foreign	No limit	21(1)
Latvia	Scholarship	5 years	U.S. or foreign	No limit	20(1)
Lithuania	Scholarship	5 years	U.S. or foreign	No limit	20(1)
Morocco	Scholarship	No limit	U.S. or foreign	No limit	18
Netherlands	Scholarship	3 years	U.S. or foreign	No limit	22(2)
Norway	Scholarship	5 years	U.S. or foreign	No limit	16(1)
Pakistan	Scholarship	No limit	Pakistani nonprofit organization	No limit	XIII(1)
Philippines	Scholarship	5 years	U.S. or foreign	No limit	22(1)
Poland	Scholarship	5 years	U.S. or foreign	No limit	18(1)
Portugal	Scholarship	5 years	U.S. or foreign	No limit	23(1)
Romania	Scholarship	5 years	U.S. or foreign	No limit	20(1)
Russia	Scholarship	5 years	U.S. or foreign	No limit	18
Slovak Republic	Scholarship	5 years	U.S. or foreign	No limit	21(1)
Slovenia	Scholarship	5 years	U.S. or foreign	No limit	20(1)
Spain	Scholarship	5 years	U.S. or foreign	No limit	22(1)
Thailand	Scholarship	5 years	U.S. or foreign	No limit	22(1)
Trinidad and Tobago	Scholarship	5 years	U.S. or foreign	No limit	19(1)
Tunisia	Scholarship	5 years	U.S. or foreign	No limit	20
Ukraine	Scholarship	5 years	U.S. or foreign	No limit	20
Venezuela	Scholarship	5 years	U.S. or foreign	No limit	21(1)

TAX TABLES

2008 Tax Table				Example. Mr. Brown is single. His taxable income on line 14 of Form 1040NR-EZ is \$23,250. First, he finds the \$23,250-23,300 income line. Next, he finds the "Single" column and reads down the column. The amount shown where the income line and filing status column meet is \$3,090. This is the tax amount he should enter on line 15 of Form 1040NR-EZ.				At least	But less than	Single	Married filing separately
						23,200	23,250	3,083	3,083		
						23,250	23,300	3,090	3,090		
						23,300	23,350	3,098	3,098		
						23,350	23,400	3,105	3,105		

If Form 1040NR-EZ, line 14, is—		And you are—		If Form 1040NR-EZ, line 14, is—		And you are—		If Form 1040NR-EZ, line 14, is—		And you are—	
At least	But less than	Single	Married filing separately	At least	But less than	Single	Married filing separately	At least	But less than	Single	Married filing separately
Your tax is—		Your tax is—		Your tax is—		Your tax is—		Your tax is—		Your tax is—	
0	5	0	0	1,500	1,525	151	151	3,000		6,000	
5	15	1	1	1,525	1,550	154	154	3,050	3,100	303	303
15	25	2	2	1,550	1,575	156	156	3,100	3,150	313	313
25	50	4	4	1,575	1,600	159	159	3,150	3,200	318	318
50	75	6	6	1,600	1,625	161	161	3,200	3,250	323	323
75	100	9	9	1,625	1,650	164	164	3,250	3,300	328	328
100	125	11	11	1,650	1,675	166	166	3,300	3,350	333	333
125	150	14	14	1,675	1,700	169	169	3,350	3,400	338	338
150	175	16	16	1,700	1,725	171	171	3,400	3,450	343	343
175	200	19	19	1,725	1,750	174	174	3,450	3,500	348	348
200	225	21	21	1,750	1,775	176	176	3,500	3,550	353	353
225	250	24	24	1,775	1,800	179	179	3,550	3,600	358	358
250	275	26	26	1,800	1,825	181	181	3,600	3,650	363	363
275	300	29	29	1,825	1,850	184	184	3,650	3,700	368	368
300	325	31	31	1,850	1,875	186	186	3,700	3,750	373	373
325	350	34	34	1,875	1,900	189	189	3,750	3,800	378	378
350	375	36	36	1,900	1,925	191	191	3,800	3,850	383	383
375	400	39	39	1,925	1,950	194	194	3,850	3,900	388	388
400	425	41	41	1,950	1,975	196	196	3,900	3,950	393	393
425	450	44	44	1,975	2,000	199	199	3,950	4,000	398	398
450	475	46	46	2,000				4,000		7,000	
475	500	49	49	2,000	2,025	201	201	4,050	4,100	403	403
500	525	51	51	2,025	2,050	204	204	4,100	4,150	408	408
525	550	54	54	2,050	2,075	206	206	4,150	4,200	413	413
550	575	56	56	2,075	2,100	209	209	4,200	4,250	418	418
575	600	59	59	2,100	2,125	211	211	4,250	4,300	423	423
600	625	61	61	2,125	2,150	214	214	4,300	4,350	428	428
625	650	64	64	2,150	2,175	216	216	4,350	4,400	433	433
650	675	66	66	2,175	2,200	219	219	4,400	4,450	438	438
675	700	69	69	2,200	2,225	221	221	4,450	4,500	443	443
700	725	71	71	2,225	2,250	224	224	4,500	4,550	448	448
725	750	74	74	2,250	2,275	226	226	4,550	4,600	453	453
750	775	76	76	2,275	2,300	229	229	4,600	4,650	458	458
775	800	79	79	2,300	2,325	231	231	4,650	4,700	463	463
800	825	81	81	2,325	2,350	234	234	4,700	4,750	468	468
825	850	84	84	2,350	2,375	236	236	4,750	4,800	473	473
850	875	86	86	2,375	2,400	239	239	4,800	4,850	478	478
875	900	89	89	2,400	2,425	241	241	4,850	4,900	483	483
900	925	91	91	2,425	2,450	244	244	4,900	4,950	488	488
925	950	94	94	2,450	2,475	246	246	4,950	5,000	493	493
950	975	96	96	2,475	2,500	249	249	5,000		498	498
975	1,000	99	99	2,500	2,525	251	251	5,000		8,000	
1,000				2,525	2,550	254	254	5,050	5,100	503	503
1,000	1,025	101	101	2,550	2,575	256	256	5,100	5,150	508	508
1,025	1,050	104	104	2,575	2,600	259	259	5,150	5,200	513	513
1,050	1,075	106	106	2,600	2,625	261	261	5,200	5,250	518	518
1,075	1,100	109	109	2,625	2,650	264	264	5,250	5,300	523	523
1,100	1,125	111	111	2,650	2,675	266	266	5,300	5,350	528	528
1,125	1,150	114	114	2,675	2,700	269	269	5,350	5,400	533	533
1,150	1,175	116	116	2,700	2,725	271	271	5,400	5,450	538	538
1,175	1,200	119	119	2,725	2,750	274	274	5,450	5,500	543	543
1,200	1,225	121	121	2,750	2,775	276	276	5,500	5,550	548	548
1,225	1,250	124	124	2,775	2,800	279	279	5,550	5,600	553	553
1,250	1,275	126	126	2,800	2,825	281	281	5,600	5,650	558	558
1,275	1,300	129	129	2,825	2,850	284	284	5,650	5,700	563	563
1,300	1,325	131	131	2,850	2,875	286	286	5,700	5,750	568	568
1,325	1,350	134	134	2,875	2,900	289	289	5,750	5,800	573	573
1,350	1,375	136	136	2,900	2,925	291	291	5,800	5,850	578	578
1,375	1,400	139	139	2,925	2,950	294	294	5,850	5,900	583	583
1,400	1,425	141	141	2,950	2,975	296	296	5,900	5,950	588	588
1,425	1,450	144	144	2,975	3,000	299	299	5,950	6,000	593	593
1,450	1,475	146	146					5,950	6,000	598	598
1,475	1,500	149	149							598	598

