

Instructions for Completing the Statement of Citizenship and Federal Tax Status

You have been asked to complete the EAST-WEST CENTER Statement of Citizenship (SOC) and Federal Tax Status because you are receiving income from the Center that must either have tax withheld at the source or be reported to the Internal Revenue Service (IRS), according to IRS regulations governing payments to non U.S. citizen. This form must be completed **annually** in order to determine whether you should be classified for federal tax withholding purposes as a resident alien or a nonresident alien. This federal taxes residency categorization – and in turn your level of withholding – depend upon your careful and correct completion of this form. The Statement of Citizenship and Federal Tax Status form is designed to offer step-by-step instructions within the body of the form itself; below, you will find detailed explanations of the data requested on the form as well as answers to frequently asked questions about the form and federal tax residency in general.

If your status changes in any way during the calendar year from that indicated on this form, you are obligated to immediately inform the Center in writing. Failure to do so may result in incorrect withholding and reporting.

SECTION A. PAYEE INFORMATION

- 1. NAME** – Enter your full name in the format: LAST, FIRST, MIDDLE.
- 2. DEPARTMENT**– Enter the name of your East-West Center Office or Program unit – either the office compensating you or the program unit if you are receiving fellowship/scholarship income.
- 3. SOCIAL SECURITY NUMBER OR ITIN** – Enter your United States social security number or ITIN (Individual Taxpayer Identification Number). You may not receive payment until you obtain and report either a social security number or ITIN. Only individuals otherwise ineligible to obtain a social security number may obtain ITINs. You may obtain an ITIN, if you are eligible, by filing form W-7 along with necessary documentation with the IRS (see filing instructions on form W-7 itself). Consult with your program for more information on obtaining an ITIN.
- 4. STREET ADDRESS IN U.S.** – Enter your current mailing address. Please notify your home office/program immediately of any address changes.
- 5. STREET ADDRESS IN COUNTRY OF RESIDENCE** – Enter your address in your country of tax residence. All U.S. nonresidents must enter a complete foreign address, even if you are currently not residing at that address. Be sure to specify your full street address, city, province, postal code, and country.
- 6. COUNTRY OF CITIZENSHIP** – Enter the name of the country of which you are a citizen.
- 7. COUNTRY OF RESIDENCY** – Enter the name of the country of which you are a tax resident.
- 8. PASSPORT NUMBER** – Enter the control number inside your passport. This number is generally assigned by the foreign government and posted in close proximity to your identifying personal information.
- 9. PASSPORT ISSUED BY** – Enter the name of the country, which issued your passport.
- 10. WHAT TYPES OF CENTER INCOME WILL YOU BE RECEIVING?** -- Check the box(es) which correspond(s) to the type(s) of income you'll be receiving from EAST-WEST CENTER during the calendar year.
- 11. VISA TYPE/STATUS** – Enter the code (e.g. "J1") of the visa under which you are currently present in the U.S. for the current calendar year.
- 12. DATE YOU FIRST ENTERED U.S.** – Enter the calendar date on which you entered the U.S. with the visa entered under "CURRENT VISA TYPE".
- 13. EXPIRATION DATE OF CURRENT VISA** – Enter the expiration date from your current visa (found on your I-94 card inside your passport). If your I-94 card indicates "D/S" for expiration date, you should enter this code in this field. ("D/S" stands for "duration of status".)
- 14. INTENDED LENGTH OF STAY** – Enter the amount of time in months and years that you intend to remain in the U.S. on your current visa. Count from your first entry on the visa until your planned date of departure from the U.S.
- 15. ANTICIPATED DEPARTURE DATE** – Estimate to the best of your ability the date on which you plan to leave the U.S. and return to your country of residence.

SECTION B. DETERMINATION OF RESIDENCY STATUS

Complete each row and column in this chart. Enter the visa type(s) under which you were/will be present for each year. If you were present under several visas during the same calendar year, enter all of the visas. Enter the **TOTAL DAYS OF U.S. PRESENCE** for the calendar year; this total should include all days of presence under all visa types. For the current year, estimate the number of days you will be present in the U.S. during the current calendar year. You may, however, exclude any of the following days from your calculations:

- Days spent solely commuting to work in the U.S. from a residence in Canada or Mexico.
- Days spent in the U.S. for less than 24 hours while in transit between two places which are located outside the U.S.
- Days you were unable to leave the U.S. because of a medical condition that developed while in the U.S.

For each year, multiply the number of **TOTAL DAYS OF U.S. PRESENCE** times the **RATIO** indicated to arrive at the **DAYS TO COUNT** in the far right column. The sum of the values in the three boxes will provide your **"TOTAL DAYS TO COUNT"**. This calculation is known as the "substantial presence test". **The substantial presence test is a two-part test: a "31-day" test and a "183-day" test. If you have not been or will not be in the U.S. at least 31 days in the current calendar year, you will be treated as a nonresident alien, regardless of the fact that you would have otherwise met the 183-day test.**

Based upon the number you entered under **"TOTAL DAYS TO COUNT"**, check the corresponding box indicating that your total three-year calculated period of presence is less than or equal to or greater than 183 days. Continue to the section of the form indicated for your selected box.

SECTION C. EXEMPT INDIVIDUAL TEST (see definition on page 3)

1. What is the primary purpose of your presence under your current visa status in the current year?

Check the box, which corresponds to your purpose of presence and visa type only for the current year. If you are neither a student on an F, J, M, or Q visa or a teacher/researcher/trainee/postdoctoral fellow on a J or Q visa, check the box next to "OTHER VISA TYPE AND/OR PURPOSE" and indicate your purpose in the U.S. in the current year under your visa, e.g., visiting, here with spouse, consulting, etc.

2. STUDENT (on F, J, M, or Q visa in current year) only

Based on the chart you completed in Section B calculate the number of years during which you were present for any part of the year on an F, J, M, or Q visa **as a student**. Check the box, which describes the number of years you calculated and go to the section indicated. (Do not complete question #3 under Section C.)

3. TEACHER, RESEARCHER, TRAINEE, OR POSTDOCTORAL FELLOW (on J or Q visa in current year) only

Based on the chart you completed in Section B calculate the number of years during which you were present on an F, J, M, or Q visa during the past 6 years **as a teacher, researcher, trainee, or student**. Check the box, which describes the number of years you calculated and go to section indicated.

SECTION D. CLOSER CONNECTION EXCEPTION

If you do not meet the "exempt individual" test, you may still be eligible to be considered a nonresident alien for federal tax purposes if you meet the "closer connection exception." The closer connection exception allows individuals who would otherwise be considered U.S. resident aliens for tax purposes to be considered nonresident aliens for tax purposes in current year if they:

- Are present in the U.S. during the current tax year for fewer than 183 days **and**
- Maintain a "tax home" in a foreign country (pay current taxes in the country of residence) **and**
- Have a "closer connection" with the foreign country in which a tax home is maintained.

In order to qualify under Section D, you must meet all three tests and file IRS Form 8840 "Closer Connection Exception Statement for Aliens" with your tax return. You should **consult IRS Publication 519 "U.S. Tax Guide for Aliens" to properly determine your U.S. income tax status**. The Publication and forms may be obtained from the IRS at the web site or phone number listed on page 3 of this packet.

SECTION E. SUMMARY OF TAX STATUS

All sections of this form lead, directly or indirectly, to the Federal Tax determination made in Section E. Check the box as instructed based on the portion of the form that directed you to Section E. Sign and date the form. You are signing under penalty of perjury.

Return the completed form to the office, which issued it to you. **You must attach a photocopy of your I-551 Permanent Resident Card ("green card") or I-94 "Arrival and Departure Record". In addition, if you are present on a J visa, you must attach the Form DS-2019. If you are an employee, you must attach your work authorization paperwork (DS-2019, I-20, Notice of Action, or Employment Authorization Card.)**

INFORMATION ON TAX TREATIES

If you wish to claim the benefits of a tax treaty between the United States and the government of your country of residence, you must do the following:

- Consult IRS Publications 901 "U.S. Tax Treaties" and 519 "U.S. Tax Guide for Aliens"
- Receive a type of income covered by a specific income-tax treaty under which you are authorized to claim an exemption.
- Meet all eligibility requirements (visa type, period of presence in the United States, purpose of visit and presence under your visa, federal tax residency status, etc.)
- File the appropriate form with the withholding agent according to the table below:

Type of Income Claimed Under Tax Treaty	Income Code	Forms Required: SOC Plus	Pick up forms from and return forms to:
Teacher/Researcher Compensation	18	Form 8233 & Treaty Stmt	Human Resources Office
Student Compensation	19	Form 8233 & Treaty Stmt	Human Resources Office
Independent Contractor Compensation	17	Form 8233 & Treaty Stmt	Your Program Officer or Disbursing Office
Fellowship/Scholarship for students and postdoctoral fellows	16	W- 8Ben & Tax-Treaty Packet	Your Program Officer or Disbursing Office
Royalties	11,12	W-8Ben	Your Program Officer or Disbursing Office

(SEE THE NEXT PAGE FOR "FREQUENTLY ASKED QUESTIONS" AND A SAMPLE OF CITIZENSHIP AND FEDERAL TAX STATUS.)

Frequently Asked Questions

What is the difference between a resident alien for tax purposes and a nonresident alien for tax purposes?

There are two distinct tax systems created under the Internal Revenue Code, the resident tax system and the nonresident alien tax system. Residents of the U.S., whether citizens or resident aliens for tax purposes, are taxed on their worldwide income. Nonresident aliens are taxed only on their U.S.-source income. Nonresident aliens often have exemption, deduction, and withholding rules, which are different from those for citizens and resident aliens. Nonresident aliens are required to have withholding from their taxable payments and must annually file a tax return.

What is the "substantial presence test"?

The "substantial presence test" is the Internal Revenue Service's measure of whether or not an individual has been present in the United States long enough to qualify as a resident alien for tax purposes – and therefore to be subject to tax on his/her worldwide income. This is not a political or immigration standard but rather a U.S. income tax standard. An individual will be treated as a U.S. resident for tax purposes in the current year if s/he is physically present in the United States for at least 31 days during the current calendar year and a total of 183 days during a three-year period, which includes the current year and two years preceding the current year. In calculating the 183 days, count as follows:

- The number of days in the U.S. during the current year PLUS
- 1/3 of the number of days present in the U.S. during the 1st year preceding the current calendar year PLUS
- 1/6 of the number of days presents in the U.S. during the 2nd year preceding the current calendar year.

This test is actually performed in Section B, "Determination of Residency Status" on the Statement of Citizenship and Federal Tax Status. The Internal Revenue Service requires that this test be performed each calendar year in order that federal tax status can be adjusted upon conversion to or reversion from resident alien status.

Who is an "exempt individual" and from what is s/he exempt?

An "exempt individual" is not one who is exempt from tax. An "exempt individual" is one who qualifies to exclude days from the calculation under the substantial presence test – and as a result, extends the period of time before he/she will be considered a resident alien for tax purposes. In order to qualify an exempt individual, you must be present in the United States temporarily and be in substantial compliance with the conditions of your visa. In addition, you must match one of the following profiles:

- You are present as a teacher/researcher/trainee or postdoctoral fellow on a J or Q visa who was present in the U.S. as a teacher, researcher, trainee, postdoctoral fellow, or student for no more than (any part of) 2 of the 6 preceding calendar years.
- You are present as a student on an F, M, J, or Q visa for no more than (any part of) 5 preceding calendar years. In order to "reset" the count of these five years back to zero, you must leave the United States for an entire calendar year period (January 1 to December 31).

What if I no longer qualify as an "exempt individual" — are there other ways I may be considered a nonresident alien for tax purposes?

If you no longer qualify as an exempt individual, you may fall under several other exceptions. However, each of these exceptions requires explicit written verification from IRS to the Center. The Center will not treat you as an exempt individual without the documentation. It does not preclude you from applying for the exemption when filing your U.S. income tax return for the year.

- **STUDENTS PRESENT LONGER THAN 5 CALENDAR YEARS.** You may continue to avail yourself of student exempt individual status beyond the 5-year maximum if you meet all of the following conditions: (1) You plan to temporarily reside in the United States and intend to return to your country of residence upon completion of your studies, (2) You provide the Center with written proof that you have established with the local IRS district director that you do not intend to reside in the United States once your education is completed, and (3) You are in substantial compliance with the requirements of your current student visa.
- **CLOSER CONNECTION EXCEPTION.** If you meet the conditions laid forth in Section D of the Statement of Citizenship and Federal Tax Status, you may be considered a nonresident alien for tax purposes. However, should your intentions change or your days of presence or status change, you must immediately report the change(s) to the Center so that your tax status may be altered appropriately. You must also provide written proof of your claimed closer connection on IRS Form 8840, "Closer Connection Exception Statement for Aliens".

What is FICA?

The Federal Insurance Contributions Acts (FICA) provides a system of social security and Medicare benefits financed through taxes on employers and employees. FICA taxes and benefits consist of two parts: Social Security or Old Age Survivors, and Disability Insurance (OASDI), and Hospital Insurance for senior citizens and disabled (Medicare).

Am I exempt from FICA tax withholding?

An individual can be exempt from FICA if he or she is:

- A nonresident alien
- Present in the U.S. under an F1, J1, or M1 visa and
- Performing services in accordance with the primary purpose of the visa's issuance (i.e., the primary holder of the visa, the "1" visa holder).
- Alien employees who hold F1, J1 or M1 visas, but are considered resident aliens for Federal tax purposes, are not eligible for the FICA exemption. However, students may be eligible for the student FICA exception if they are carrying the minimum course load and are employees of the University of Hawaii or other educational institutions.
- The spouse/dependents of the primary visa holders F2, J2, or M2 are not eligible for the FICA tax exemption.

Why do I need a Social Security Number or an ITIN?

A resident or nonresident alien employed by the Center must obtain a Social Security Number (SSN). • Any individual not eligible to obtain a Social Security number must obtain an Individual Taxpayer Identification Number (ITIN). ① This applies to nonresident aliens who receive honorarium. ② Recipients of scholarship or fellowship payments who are not able to obtain a SS#

For more information on federal and state tax matters, contact the **Internal Revenue Service** and Hawaii Department of Taxation as indicated below:

	<u>Internal Revenue Service</u>	<u>State of Hawaii</u>
World Wide Web address:	IRS.GOV	TAX.HAWAII.GOV
Phone:	(800) 829-1040	(800) 222-3229
IRS Order publications:	519 "US Tax Guide for Aliens"; 901 "U.S. Tax Treaties"	