

# Tax Glossary

*Last updated: 01/12/2024*

**Alien:** A term used by the IRS to denote an individual who is not a U.S. citizen.

**CPA:** A CPA is a certified public accountant. This is a designation given to licensed accounting professionals. CPAs are licensed and trained to provide tax advice and may be a good resource if you need assistance with understanding and filing your taxes. You typically must pay for this assistance.

**Exempt Individual:** A person not subject to the Substantial Presence Test (see below), which determines whether an individual files as a resident or nonresident. This does not exempt you from filing tax forms. You are still **required** to file taxes.

**FICA:** FICA stands for Federal Insurance Contributions Act. US Social Security & Medicare taxes that are typically taken out of a paycheck automatically.

**File a Tax Return:** To complete a tax form and mail it to the Federal Government using the U.S. Postal Service (USPS), or to e-file with the State of Wisconsin.

**Form 1099:** This form shows any interest earned from bank account, stocks, funds, etc. to which students may need to claim. It also reflects any income earned through a temporary or staffing agency or if a student was hired as an independent consultant.

**Form 8843:** All students and scholars in F-1/J-1 nonimmigrant status and their F-2/J-2 dependents (physically present in the U.S. during 2021) who are [nonresidents for tax purposes](#) must file the [IRS Form 8843](#) also known as the Statement for Exempt Individuals and Individuals With a Medical Condition regardless of whether or not they earned income in the U.S.. Dependents (including children, regardless of age) should complete a separate Form 8843 independent of the F-1/J-1. If you received taxable income, we encourage you to use the GLACIER software to prepare your federal tax return. The software will prepare the IRS Form 8843 for you (and your dependents).

**Glacier Tax Prep (GTP):** Web-based tax preparation software designed to help Nonresident Aliens prepare a U.S. Nonresident Alien Income Tax Return (Form 1040NR or 1040NR-EZ) and Form 8843.

**Individual Taxpayer Identification Number (ITIN):** A nine-digit number that begins with the number 9, was created for use for tax returns for those taxpayers who do **not** qualify for a SSN.

**Internal Revenue Service (IRS):** Also known as the IRS, this is the federal agency responsible for collecting federal income taxes and enforcing tax reporting and collection laws.

**Nonimmigrant:** An individual with a permanent residence abroad and in the U.S. temporarily. For example: International students on a F or J nonimmigrant visa.

**Nonresident:** An individual who is not a U.S. citizen, U.S. permanent resident or nonimmigrant who has been in the U.S. long enough to be considered a resident for tax purposes. Residency is determined by the Substantial Presence Test (see below).

**Resident:** For federal tax purposes, a resident is an individual who meets either the green card test or the substantial presence test (see below) for the calendar year 2021 (January 1 – December 31).

**Social Security:** A term used to describe an agency, a card, and two types of taxes. The Social Security Administration (SSA) is an agency of the U.S. Department of Health and Human Services. The card bears a unique nine-digit identification number and is issued to qualified individuals primarily to determine eligibility for social benefits earned primarily through various forms of employment. The number on the card is also used by the IRS for data collection and record keeping. The taxes, known as Social Security and Medicare (collectively “FICA”), are withheld by employers from workers’ wages and paid to the federal government for redistribution to workers after their retirement.

**Sprintax:** is an online tax preparation software tool for international students & scholars to guide you through the tax filing process and avoid IRS penalties and fines. Sprintax will help you file a timely and accurate return, meet the tax obligations of your academic visa, and maximize your tax refund. It is an easy-to-use, step-by-step tool that helps you prepare your tax return online.

**Substantial Presence Test:** A formula created by the IRS to determine whether an alien is a resident or nonresident for tax purposes. F and J students do **not** use the test during their first five calendar years in the U.S. After that time, individuals who spend more than 183 days a year or more in the U.S. become “residents for tax purposes” for that year. (see IRS Publication 519).

**Tax Treaty:** An agreement between the United States and another country which allows residents of that country to be taxed at a reduced rate or to be exempt from U.S. income taxes on certain items of income they receive from sources within the United States. Tax treaties do not apply to state tax obligations. [Tax treaties](#) are very specific, and not all residents of a tax treaty country will qualify for tax benefits. (IRS Publication 901).

**US Source Income:** Any money or compensation received from a US source (wages, scholarships, fellowships, money from stocks), or compensation from any source for activities in the US. (See [Publication 519](#) for details).

**Withholding:** Deduction of a given amount of an individual’s salary for purposes of meeting that individual’s income tax obligation. Amounts are deducted directly by the employer and paid directly to the U.S. Treasury on the individual’s behalf.

**W-2:** Form from employer stating wages received and taxes paid in a given tax year.

**W-7:** Form to apply for ITIN (See Individual Taxpayer Identification Number above).

**W-8BEN:** Form for claiming scholarships and fellowships, used to determine Substantial (Physical) Presence in US.

- [W-8BEN Form](#)
- W-8BEN Form [Instructions](#)

**[1098-T:](#)** You may have received this form from UW-Madison. This form is filed for each student that is enrolled at an eligible education institution for whom a reportable transaction was made such as reimbursements or refunds of qualified tuition and qualified expenses.