STUDENT EXAMPLE – FELLOWSHIP/SCHOLARSHIP

Xiao Guo – Student from China

As a student at the University of Michigan, you may be receiving one or both of the following types of payments:
  • scholarship and/or fellowship
  • wages from employment at the University

The following forms are necessary for a student being paid a scholarship and/or fellowship:
  1. Alien Certificate (J-1 visa holders must attach a copy of their DS-2019).
  2. Form W-8BEN, if you are a resident of a tax treaty country (see attached list) and have a Social Security Number (SSN) or Individual Taxpayer Identification Number (ITIN)

The Form W-8BEN is valid for 5 years. You do NOT need to submit a new W-8BEN each year.

You must have an SSN or ITIN to claim a tax treaty exemption. If you have neither, you may make an appointment with the Payroll Office to complete Form W-7 (application for an ITIN).

You will receive a Form 1042-S in February to be used when filing Form 1040NR (annual federal tax return). Please consider using the Glacier Tax Prep software program to prepare your annual tax returns. It is available at the International Center’s website at http://internationalcenter.umich.edu/taxes/taxsoftware.html

CHECKLIST FOR STUDENTS WITH FELLOWSHIP/SCHOLARSHIP

☐ Complete Alien Certificate (include your original date of entry, date of visa change if any, and any time you were gone from the U.S. for 365 days or more). J-1 visa holders must attach a copy of their DS-2019 along with the Alien Certificate

☐ If an ITIN is needed, then bring your Visa, Passport, I-94 and DS-2019 or I-20 to the Payroll Office to complete Form W7 (application for an ITIN). The Form W-8BEN will be provided for you to complete.

☐ Complete W-8BEN (if a resident of a tax treaty country) COMPLETED W-8BEN MUST INCLUDE SSN OR ITIN

☐ Send forms to the Payroll Office by one of these methods:
  1. Have your department submit the forms
  2. Email forms to tanesmcl@umich.edu, ashlbrow@umich.edu or kellyesk@umich.edu
  3. Fax forms to the Payroll Office - (734) 647-3983
  4. Send forms to the Payroll Office - 3003 S. State Street. G395
     Ann Arbor, MI 48109-1279
  5. Drop off forms at the Payroll Office in Wolverine Tower
THE UNIVERSITY OF MICHIGAN - PAYROLL OFFICE
ALIENT CERTIFICATE

If you are not a citizen of the United States, you must complete this Alien Certificate. Return the completed Alien Certificate to:
Payroll Office, G395 Wolverine Tower, 3003 S. State St, Ann Arbor, MI 48109-1279 or via fax (734)647-3983.

PLEASE PRINT

SECTION I – To be completed by all non-residents (even those who do not enter the U.S.)

Name: Guo Xiao

Last First Middle

Social Security Number

Date of birth 7 25 1999

Month Day Year

China

12345-8888

UMID

12345679

SECTION II – Complete this section only if you have entered the United States.

Include your original date of entry, date of Visa change if any, and any time you were gone from the U.S. for 365 days or more.

Report all visits to the U.S. including visits not affiliated with The University of Michigan. If more lines are needed for additional visits to the U.S. include on a separate piece of paper and attach that information to this form.

I entered the United States on 8 1 2017 on a(n) F1

Month Day Year Visa Type

I left the U.S. on

I was a (check one)

☐ Student ☐ Non-Student

Month Day Year

Visa Type

Month Day Year

Visa Type

Month Day Year

Visa Type

I certify that my type of VISA is ☐ F1 ☐ J1 ☐ J2 ☐ H1-B Other (specify) 

If you are a J-1 visa holder check the one box below that applies to visa information on your Form DS-2019 and attach a copy of your Form DS-2019 to this form.

☐ J1 Teacher ☐ J1 Professor

☐ J1 Student

☐ J1 Government Visitor ☐ J1 Research Scholar

☐ J1 Short Term Scholar

☐ J1 Summer Travel or Work ☐ J1 Trainee or Intern

If you are Lawful Permanent Resident, Green Card holder check box: ☐

If you are eligible to claim a tax treaty exemption as a teacher/researcher, you must file a Form 8233 with the proper attachment for your country of residence. If you are eligible to claim a tax treaty exemption as a student, you must file a Form 8233 with the proper attachment for your country of permanent residence. If you are eligible to claim a tax treaty exemption as fellowship/scholarship, you must file a Form W8-BEN. All forms are available on the Payroll website at http://payroll.umich.edu/formreq.html.

SECTION III - I CERTIFY THAT TO THE BEST OF MY KNOWLEDGE ALL OF THE INFORMATION I HAVE PROVIDED ABOVE IS TRUE, CORRECT AND COMPLETE. I UNDERSTAND THAT IF MY STATUS CHANGES FROM THAT WHICH I HAVE INDICATED ON THIS FORM, I MUST SUBMIT A NEW ALIEN CERTIFICATE TO THE UM PAYROLL OFFICE.

Date: 8/15/2017

Your signature: 

Alien Certificate 07/17
INSTRUCTIONS FOR COMPLETING THE ALIEN CERTIFICATE

The Alien Certificate must be completed by all non-resident aliens whether or not they enter the United States.

Qualifications for Claiming Resident Alien Status

You are considered a Resident Alien if you meet the qualifications for one of the two tests shown below for the current calendar year:

1. Lawful Permanent Residency Test (also called the “Green Card” test): If you have been given the privilege according to the immigration laws of residing permanently in the United States as an immigrant, and this status has not been revoked or abandoned, then you are a lawful permanent resident of the U.S.

2. To satisfy the Substantial Presence Test:
   a) A student, temporarily present in the United States under an “F” or “J” visa, must be in the U.S. for 5 calendar years (counting all or part of a year as a full year) plus 183 days in the current year.
   b) A teacher or trainee, temporarily present in the United States under a “J” visa, must be in the U.S. for at least 2 calendar years (counting all or part of a year as a full year) plus 183 days in the current year.
   c) Aliens on all other Visa types must be present in the United States for 183 days or more during the calendar year to claim resident alien status for U.S. tax purposes.

Taxation of resident aliens:

Resident aliens are taxed like U.S. citizens, including FICA withholding (Social Security and Medicare Tax), on their world wide income and may claim the same deductions and exemptions as U.S. citizens.

Taxation of nonresident aliens

Nonresident aliens are taxed on most income from U.S. sources and have taxes withheld at graduated rates based on the Form W-4 submitted. There are certain restrictions on completing the W-4 form:

1. “single” marital status must be checked regardless of actual marital status

2. only one withholding allowance may be claimed (residents of American Samoa, Canada, Mexico, South Korea, and the Northern Mariana Islands can claim their dependents)

3. on line 6, write NRA

4. on line 7 “EXEMPT” status CANNOT be claimed

FICA (Social Security and Medicare Taxes) withholding

All Aliens are subject to FICA taxes regardless of their visa type except for:

1. Students holding an F-1 or J-1 visa are exempt from FICA for the first 5 calendar years they are in the U.S. Once they become a resident alien under the Substantial Presence Test they are eligible for FICA tax on January 1 of the calendar year they become a resident alien.

2. Teachers and researchers holding a J-1 visa are exempt from FICA for either the first 2 calendar years they are in the U.S. or for 2 out of the last 6 calendar years in the U.S. regardless of INS status. Once they become a resident alien under the Substantial Presence Test they are eligible for FICA tax beginning on January 1 of the calendar year they become a resident alien.

3. A refund can be made if an individual leaves the U.S. within the first 183 days of the year in which they became a resident alien.

Note: A student is exempt from FICA during any term in which he or she is registered for classes at half-time or greater, regardless of resident or non-resident status. FICA must be withheld in any term the resident alien student is not registered for classes, such as during the summer months.
COUNTRIES WITH TAX TREATY PROVISIONS RELATING TO FELLOWSHIP/SCHOLARSHIP GRANTS

Effective 8/5/11

<table>
<thead>
<tr>
<th>Country</th>
<th>Tax Treaty Limit</th>
<th>Tax Year Limit</th>
<th>Tax Treaty Article #</th>
<th>Special Restrictions (see below)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Armenia</td>
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<td>No Limit</td>
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<td>20(1)</td>
<td></td>
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<td>c</td>
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<td>d</td>
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<tr>
<td>Poland</td>
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<td>5</td>
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<td></td>
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<tr>
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<td>5</td>
<td>23(1)</td>
<td></td>
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<tr>
<td>Romania</td>
<td>No Limit</td>
<td>5</td>
<td>20(1)</td>
<td></td>
</tr>
<tr>
<td>Russia</td>
<td>No Limit</td>
<td>5</td>
<td>18</td>
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<td>Slovak Republic</td>
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<td></td>
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<td>5</td>
<td>20(1)</td>
<td></td>
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<tr>
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<td>5</td>
<td>22(1)</td>
<td>e</td>
</tr>
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<td>Tajikistan</td>
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<td>5</td>
<td>VI(1)</td>
<td>d</td>
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<tr>
<td>Thailand</td>
<td>No Limit</td>
<td>5</td>
<td>22(1)</td>
<td></td>
</tr>
<tr>
<td>Trinidad and Tobago</td>
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<td>5</td>
<td>19(1)</td>
<td></td>
</tr>
<tr>
<td>Tunisia</td>
<td>No Limit</td>
<td>5</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>Turkmenistan</td>
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<td>5</td>
<td>VI(1)</td>
<td>d</td>
</tr>
<tr>
<td>Ukraine</td>
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<td>5</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>$10,000</td>
<td>5</td>
<td>VI(1)</td>
<td>d</td>
</tr>
<tr>
<td>Venezuela</td>
<td>No Limit</td>
<td>5</td>
<td>21(1)</td>
<td>e</td>
</tr>
</tbody>
</table>

See Special Restrictions on next page
Special Restrictions (Fellowship/Scholarship)

a. Tax Year Limit includes the year of entry into the U.S.

b. The tax treaty with the People's Republic of China does not include residents of Hong Kong or Taiwan.

c. Students may use an otherwise unlimited treaty for a maximum of 6 years at the University of Michigan.

d. The Commonwealth of Independent States (CIS) still using the former USSR/US treaty are: Armenia, Azerbaijan, Belarus, Georgia, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, and Uzbekistan.

e. Tax Year Limit may be extended for the additional time needed to complete degree requirements if student is continuing on as a graduate level student.

DISCLAIMER
All information provided in official University of Michigan Web sites is provided for information purposes only and does not constitute a legal contract between the University and any person or entity unless otherwise specified. Information on these web sites is subject to change without prior notice. Although every reasonable effort is made to present current and accurate information, the University of Michigan makes no guarantees of any kind.

This information is not a substitute for advice obtained from the Internal Revenue Service or a qualified tax professional. If you believe you have complicated tax issues please consult the Internal Revenue Service or a qualified tax professional.
Form W-8BEN

Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding and Reporting (Individuals)

For use by individuals. Entities must use Form W-8BEN-E.

Information about Form W-8BEN and its separate instructions is at www.irs.gov/formW8BEN.

Give this form to the withholding agent or payer. Do not send to the IRS.

Do NOT use this form if:

- You are NOT an individual
- You are a U.S. citizen or other U.S. person, including a resident alien individual
- You are a beneficial owner claiming that income is effectively connected with the conduct of trade or business within the U.S.
- You are a beneficial owner who is receiving compensation for personal services performed in the United States
- You are a person acting as an intermediary

Instead, use Form W-8BEN-E

Note: If you are resident in a FATCA partner jurisdiction (i.e., a Model 1 IGA jurisdiction with reciprocity), certain tax account information may be provided to your jurisdiction of residence.

<table>
<thead>
<tr>
<th>Part I</th>
<th>Identification of Beneficial Owner (see instructions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Name of individual who is the beneficial owner</td>
<td>2. Country of citizenship</td>
</tr>
<tr>
<td>Xiao Guo</td>
<td>China</td>
</tr>
<tr>
<td>3. Permanent residence address (street, apt. or suite no., or rural route). Do not use a P.O. box or in-care-of address.</td>
<td>Country</td>
</tr>
<tr>
<td>Apt 210 Building 21 No. 10 Nanshanhuandonglu St. Haidian District</td>
<td>China</td>
</tr>
<tr>
<td>City or town, state or province. Include postal code where appropriate.</td>
<td></td>
</tr>
<tr>
<td>Beijing 100081</td>
<td></td>
</tr>
<tr>
<td>4. Mailing address (if different from above)</td>
<td>Country</td>
</tr>
<tr>
<td>2364 Maple Street</td>
<td>United States of America</td>
</tr>
<tr>
<td>City or town, state or province. Include postal code where appropriate.</td>
<td></td>
</tr>
<tr>
<td>Ann Arbor, MI 48105</td>
<td></td>
</tr>
<tr>
<td>5. U.S. taxpayer identification number (SSN or ITIN), if required (see instructions)</td>
<td>6. Foreign tax identifying number (see instructions)</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Reference number(s) (see instructions)</td>
<td>8. Date of birth (MM-DD-YYYY) (see instructions)</td>
</tr>
<tr>
<td></td>
<td>07/25/1999</td>
</tr>
</tbody>
</table>

Part II Claim of Tax Treaty Benefits (for chapter 3 purposes only) (see instructions)

9. I certify that the beneficial owner is a resident of China within the meaning of the income tax treaty between the United States and that country.

10. Special rates and conditions (if applicable—see instructions): The beneficial owner is claiming the provisions of Article and paragraph 20(b) of the treaty identified on line 9 above to claim a 0.00% rate of withholding on (specify type of income):

   scholarship/fellowship

   Explain the additional conditions in the Article and paragraph the beneficial owner meets to be eligible for the rate of withholding:

   |

Part III Certification

Under penalties of perjury, I declare that I have examined the information on this form and to the best of my knowledge and belief it is true, correct, and complete. I further certify under penalties of perjury that:

- I am the individual that is the beneficial owner (or am authorized to sign for the individual that is the beneficial owner) of all the income to which this form relates or am using this form to document myself for chapter 4 purposes,
- The person named on line 1 of this form is not a U.S. person,
- The income to which this form relates is:
  (a) not effectively connected with the conduct of a trade or business in the United States,
  (b) effectively connected but is not subject to tax under an applicable income tax treaty, or
  (c) the partner's share of a partnership's effectively connected income,
- The person named on line 1 of this form is a resident of the treaty country listed on line 9 of the form (if any) within the meaning of the income tax treaty between the United States and that country, and
- For broker transactions or barter exchanges, the beneficial owner is an exempt foreign person as defined in the instructions.

Furthermore, I authorize this form to be provided to any withholding agent that has control, receipt, or custody of the income of which I am the beneficial owner or any withholding agent that can disburse or make payments of the income of which I am the beneficial owner. I agree that I will submit a new form within 30 days if any certification made on this form becomes incorrect.

Sign Here

Signature of beneficial owner (or individual authorized to sign for beneficial owner) Date (MM-DD-YYYY)

Print name of signer Capacity in which acting (if form is not signed by beneficial owner)

For Paperwork Reduction Act Notice, see separate instructions.
Example of the year-end form you will receive next year from the University of Michigan.

The 1042-S form summarizes the income paid to you in 2017 scholarship and fellowship payments. The 1042-S form will be mailed to you the first week of February.

You will use the information from the 1042-S form when completing your United States (Federal) income tax return (Form 1040-NR).
Scholarship/Fellowship

Are you receiving a Scholarship or Fellowship?

Yes

Complete an Alien Certificate Form
This can be found at
http://www.finops.umich.edu/payroll/forms/alienCertificate

Am I a resident of a treaty country?

NO

You are done completing your forms.

YES

Complete Form W-8BEN

You will have to complete a Form W-7.
You must make an appointment with the payroll office and complete the form there.
Bring your passport, Visa, I-94 and I-20 or DS-2019.
Contact Tanesha McLaughlin at tanesmcl@umich.edu,
Ashley Brown at ashbrow@umich.edu or
Kellye Knowles at kellyesk@umich.edu
to make an appointment.

In February of next year you will receive a Form 1042-S in the mail,
which will summarize your income received for the year.
You will use these forms to file your United States (Federal)
income tax return (Form 1040-NR). Use the tax software Glacier that can be found
on the International Center's website to enter your information and print your forms.
The income tax return is due April 15, 2018.
Forms located at:

www.payroll.umich.edu, scroll down the page and click on the link ‘Foreign Students, Faculty & Staff’, then click on ‘Required Tax Forms’, under ‘Student on Fellowship/Scholarship’ you will find the Alien Certificate, Form W8-BEN and Form W-7 to complete.

Contacts:

Leslie Brown
Payroll Manager
(734) 647-3964
leslibro@umich.edu

Kim Hassan
Payroll Tax Supervisor
(734) 936-3512
khassan@umich.edu

Tansesha McLaughtlin
Payroll Clerk Senior
(734) 764-1485
tanmcl@umich.edu

Ashley Brown
Payroll Clerk
(734) 763-6106
ashlbrow@umich.edu

Kellye Knowles
Payroll Clerk
(734) 763-2661
ekellyesk@umich.edu

Payroll website:
www.payroll.umich.edu
The following general information is offered as a resource to the nonresident alien students, faculty and staff at the University of Michigan. The information should not be considered tax advice and individual circumstances may not be covered by this information. The University of Michigan does not provide individual tax consultation.
Required Tax Forms

Student Employees

- Allen Certificate
- 8233 and Attachment - If you are a resident of a tax treaty country
- Instructions for completing the 8233
- Example for completing the W4 and MI-W4 only if considered a nonresident alien. Click for W4 and MI-W4
- After completing any hardcopy form, you must fax or mail it to the University Payroll Office.
- Student Employment Checklist / Example Packet

Student on Fellowship/Scholarship

- Allen Certificate
- W8-Ben and W8-Ben Instructions - If you are a resident of a tax treaty country
- W7 - If you are not eligible for a Social Security Number you need to obtain an ITIN so that you may claim the treaty. This form must be completed at the University Payroll Office. You may make an appointment by contacting the Payroll Tax Section.
- After completing any hardcopy form, you must fax or mail it to the University Payroll Office.
- Student Fellowship / Scholarship Checklist / Example Packet