

Change to Policy of Refunding Nonresident Alien Federal and State Withholding Taxes

Beginning July 1, 2012, Brown University will be unable to refund income taxes withheld from payments to non-resident alien students and scholars.

Nonresident aliens who do not or cannot immediately apply for treaty benefits that will exempt their fellowship and/or wage payments from taxes will no longer be able to receive a refund of Federal and State tax withholding from the Payroll Office. IRS regulation requires that nonimmigrant students and scholars requesting a refund of Federal and State withholding taxes as a result of their submission of Form 8233 (tax treaty form) to the University Payroll Office may not receive a refund of taxes withheld prior to the date of submission of the form 8233 to the IRS.

Students and scholars must enter information about their country of residency and visa status into the Foreign National Information System (FNIS) to determine if tax treaty benefits are available to them. If tax treaty benefits apply, form 8233 will be available for download in FNIS. This must be immediately signed and returned to the University Payroll Office. Treaty benefits will be applied based on the date the form 8233 is received in the Payroll Office.

The University is providing a grace period for scholars to organize and communicate their residency status in FNIS for the application of treaty benefits and potential refunds. Nonresident (for tax purposes) international students and scholars who believe that they have been subject to tax withholdings at the US resident tax level, should request a refund through the Brown Payroll Office prior to June 30, 2012. If you do not contact the Payroll Office before this date to request a refund of withholding taxes you will have to request a tax refund by filing Federal and State tax returns.

Frequently Asked Questions

Who does this policy change apply to?

This policy change applies to foreign nationals from countries that have a tax treaty with the United States who receive fellowship payments or wages from employment. If you are not a foreign national or if your country of residence does not have a tax treaty, this policy does not apply to you.

What is a tax treaty?

The United States has income tax treaties with a number of foreign countries. Under these treaties, residents (not necessarily citizens) of foreign countries are taxed at a reduced rate, or are exempt from U.S. income taxes on certain items of income they receive from sources within the United States. These reduced rates and exemptions vary among countries and specific items of income.

If the treaty does not cover a particular kind of income, or if there is no treaty between your country and the United States, you must pay tax on the income.

What taxes are we talking about?

Nonresident aliens who receive fellowship payments have federal and state income taxes withheld from their payments.

Nonresident aliens who earn wages have federal and state income taxes withheld as well as FICA, Medicare and TDI taxes withheld. The FICA, Medicare and TDI taxes fund social insurance programs.

The IRS regulations refer to the refund of federal and state income taxes. The University cannot refund these taxes prior to the date of submission for Form 8233. FICA, Medicare, and TDI taxes may be refunded back to the time withholding of those taxes began.

How do I know if I'm receiving fellowship or wages?

Graduate students may contact the Graduate School and undergraduate students may contact the department administrator of the academic or administrative department who is processing the payment.

How am I able to receive a refund of the taxes withheld from my payments if the University will not refund them to me?

Beginning July 1, 2012, you cannot receive a refund of federal and state income taxes withheld from the Payroll Office. You can file for a refund of your taxes after the end of the calendar year using tax form 1040NR. The Office of International Student & Scholar Services offers an on-line non-resident federal tax filing service to Brown international students and scholars. Use of this service is free of charge for the federal tax return only. You can access this service at the following link: <https://www.brown.edu/about/administration/international-student-and-scholar-services/taxes>.