

Foreign Student Test

The test is divided into three parts:

Part 1 – You must answer 7 out of the 10 questions correctly.

Part 2 – You must answer 11 out of the 15 questions correctly.

Part 3 – You must answer 6 out of the 9 questions correctly.

Part 1 consists of 10 true/false questions which cover determining residency status and Form 8843.

Part 2 consists of 15 true/false and multiple choice questions on Taxability of Income and Form 1040NR-EZ. This part also includes a Scenario for Melissa Brigham and Raji Ratnaker. You must complete a 1040NR-EZ tax return and answer multiple choice questions.

Part 3 consists of 9 true/false and multiple choice questions on Taxability of Income and Form 1040NR and Form 843. This part also includes a Scenario for Igor Pulaski. You must complete a 1040NR tax return and answer multiple choice questions.

Part 2, Scenario 1: Melissa Brigham

Use the following information to prepare a Form 1040NR-EZ.

Melissa Brigham, a permanent resident of Belgium (visa number 3344123344), came to the United States on an F-1 visa on August 1, 2007.

She has remained in the country since then and is a full-time student at the local university. Melissa, born 3-15-1987, is single. She began working at the university campus on January 3, 2008. She filed the proper withholding and treaty forms with the university payroll office before beginning her job.

Melissa is a citizen of Belgium, her address in Belgium is 420 East Court, AnyCity, Belgium. She elected old treaty. If she is entitled to a refund, she wants it mailed to her. She doesn't want to designate anyone else to discuss this return with the IRS. She did not take any affirmative steps to apply for permanent residence in the United States. She will not be taxed in her home country on the income she has from the United States.

Belgium will not tax her on wages that she earns here. Using the following information (Form 1042-S and Form W-2), complete Melissa's federal income tax return. (She would also need to file a Form 8843, but assume that she has already completed that on her own.)

**Foreign Person's U.S. Source Income
Subject to Withholding**

AMENDED

PRO-RATA BASIS REPORTING

2008

Copy B
for Recipient

1 Income code	2 Gross income	3 Withholding allowances	4 Net income	5 Tax rate	6 Exemption code	7 Federal tax withheld	
						8 Withholding by other agents	
						9 Total withholding credit	
10 Amount repaid to recipient				14 Recipient's U.S. TIN, if any ▶ <input type="checkbox"/> SSN or ITIN <input type="checkbox"/> EIN <input type="checkbox"/> QI-EIN			
11 Withholding agent's EIN ▶ <input type="checkbox"/> EIN <input type="checkbox"/> QI-EIN				15 Recipient's foreign tax identifying number, if any		16 Country code	
12a WITHHOLDING AGENT'S name				17 NQI's/FLOW-THROUGH ENTITY'S name		18 Country code	
12b Address (number and street)				19a NQI's/Entity's address (number and street)			
12c Additional address line (room or suite no.)				19b Additional address line (room or suite no.)			
12d City or town, province or state, country, ZIP or foreign postal code				19c City or town, province or state, country, ZIP or foreign postal code			
13a RECIPIENT'S name			13b Recipient code	20 NQI's/Entity's U.S. TIN, if any ▶			
13c Address (number and street)				21 PAYER'S name and TIN (if different from withholding agent's)			
13d Additional address line (room or suite no.)				22 Recipient account number (optional)			
13e City or town, province or state, country, ZIP or foreign postal code				23 State income tax withheld	24 Payer's state tax no.	25 Name of state	

Other Information (If an item does not apply to you, enter "N/A.")

- A What country issued your passport?
- B Were you ever a U.S. citizen? Yes No
- C Give the purpose of your visit to the United States ▶
- D Current nonimmigrant status and date of change (see page 9) ▶
- E Date you entered the United States (see page 9) ▶
- F Did you give up your permanent residence as an immigrant in the United States this year? Yes No
- G Dates you entered and left the United States during the year. Residents of Canada or Mexico entering and leaving the United States at frequent intervals, give name of country only. ▶
- H Give number of days (including vacation and nonworkdays) you were present in the United States during 2006, 2007, and 2008
- I Did you file a U.S. income tax return for any year before 2008? Yes No
If "Yes," give the latest year and form number ▶
- J If you are claiming the benefits of a U.S. income tax treaty with a foreign country, give the following information. See page 9 for additional information.
 - Country ▶
 - Type and amount of income exempt from tax and the applicable tax treaty article. Enter treaty-exempt income for 2008 below and on line 6; not on line 3 or 5.
For 2008 ▶
 - For 2007 ▶
 - Were you subject to tax in that country on any of the income that you claim is entitled to the treaty benefits? Yes No
- K During 2008, did you apply for, or take any affirmative steps to apply for, lawful permanent resident status in the United States or have an application pending to adjust your status to that of a lawful permanent resident of the United States? Yes No
If "Yes," explain ▶

Part 2, Scenario 2: Raji Ratnaker

Use the following information to prepare a Form 1040NR-EZ

Raji Ratnaker, a permanent resident of India (visa number 88779914), came to the United States on an F-1 visa on August 3, 2007. He has remained in the country since then and is a full-time student at the local university.

Raji, born 10-17-86, is single. He filed the proper treaty and withholding forms with the university payroll office before beginning to work in the school cafeteria in 2008. Raji is a citizen of India, his address in India is 900 Dali Road, Anywhere, India.

If he is entitled to a refund, he wants it mailed to him. He doesn't want to designate anyone else to discuss this return with the IRS. He did not take any affirmative steps to apply for permanent residence in the United States.

He will not be taxed in his home country on the income he has from the United States. Using the following Form W-2, prepare Raji's federal income tax return. (He has already completed his Form 8843.)

		a Employee's social security number		OMB No. 1545-0008		Safe, accurate, FAST! Use				Visit the IRS website at www.irs.gov/efile .	
b Employer identification number (EIN)				1 Wages, tips, other compensation		2 Federal income tax withheld					
c Employer's name, address, and ZIP code				3 Social security wages		4 Social security tax withheld					
				5 Medicare wages and tips		6 Medicare tax withheld					
				7 Social security tips		8 Allocated tips					
d Control number				9 Advance EIC payment		10 Dependent care benefits					
e Employee's first name and initial		Last name		Suff.		11 Nonqualified plans		12a See instructions for box 12			
						13 Statutory employee <input type="checkbox"/>		Retirement plan <input type="checkbox"/>		12b	
						Third-party sick pay <input type="checkbox"/>					
						14 Other				12c	
f Employee's address and ZIP code										12d	
15 State Employer's state ID number		16 State wages, tips, etc.		17 State income tax		18 Local wages, tips, etc.		19 Local income tax		20 Locality name	

Form **W-2** Wage and Tax Statement

2008

Department of the Treasury—Internal Revenue Service

Copy B—To Be Filed With Employee's FEDERAL Tax Return.
This information is being furnished to the Internal Revenue Service.

U.S. Income Tax Return for Certain Nonresident Aliens With No Dependents

2008

Department of the Treasury
Internal Revenue Service

Please print or type.	Your first name and initial	Last name	Identifying number (see page 4)
	Present home address (number, street, and apt. no., or rural route). If a P.O. box, see page 4.		Type of entry visa (see page 4)
	City, town or post office, state, and ZIP code. If a foreign address, see page 4.		
	Country		
	Of what country were you a citizen or national during 2008?		

Give address **outside the United States** to which you want any refund check mailed. If same as above, write "Same."

Give address in the country where you are a **permanent resident**. If same as above, write "Same."

Filing status (see page 4). Check only one box.
 1 Single nonresident alien
 2 Married nonresident alien

Attach Form(s) W-2 here. Also attach Form(s) 1099-R if tax was withheld.	3 Wages, salaries, tips, etc. Attach Form(s) W-2 (see page 4)	3	
	4 Taxable refunds, credits, or offsets of state and local income taxes (see page 5)	4	
	5 Scholarship and fellowship grants. Attach explanation (see page 5)	5	
	6 Total wages and scholarships exempt by a treaty from page 2, Item J	6	
	7 Add lines 3, 4, and 5	7	
	8 Scholarship and fellowship grants excluded (see page 5)	8	
	9 Student loan interest deduction (see page 5)	9	
	10 Adjusted gross income. Subtract the sum of line 8 and line 9 from line 7	10	
	11 Itemized deductions (see page 6)	11	
	12 Subtract line 11 from line 10	12	
	13 Exemption deduction (see page 6)	13	
	14 Taxable income. Subtract line 13 from line 12	14	
	15 Tax. Find your tax in the Tax Table on pages 12-20	15	
	16 Unreported social security and Medicare tax from: a <input type="checkbox"/> Form 4137 b <input type="checkbox"/> Form 8919	16	
	17 Add lines 15 and 16. This is your total tax	17	
	18 Federal income tax withheld (from Form W-2, 1042-S, and 1099-R)	18	
	19 2008 estimated tax payments and amount applied from 2007 return	19	
	20 Credit for amount paid with Form 1040-C	20	
	21 Add lines 18 through 20. These are your total payments	21	

Refund

22 If line 21 is more than line 17, subtract line 17 from line 21. This is the amount you **overpaid**

23a Amount of line 22 you want **refunded to you**.

Direct deposit? See page 7. If Form 8888 is attached, check here

b Routing number

c Type: Checking Savings

d Account number

24 Amount of line 22 you want **applied to your 2009 estimated tax**

Amount You Owe

25 **Amount you owe.** Subtract line 21 from line 17. For details on how to pay, see page 8

26 Estimated tax penalty (see page 9). Also include on line 25

Third Party Designee

Do you want to allow another person to discuss this return with the IRS (see page 9)? **Yes.** Complete the following. **No**

Designee's name Phone no. () Personal identification number (PIN)

Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and accurately list all amounts and sources of U.S. source income I received during the tax year. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Keep a copy of this return for your records.

Your signature Date Your occupation in the United States

Paid Preparer's Use Only

Preparer's signature Date Check if self-employed Preparer's SSN or PTIN

Firm's name (or yours if self-employed), address, and ZIP code EIN

Phone no. ()

Other Information (If an item does not apply to you, enter "N/A.")

- A** What country issued your passport?
- B** Were you ever a U.S. citizen? **Yes** **No**
- C** Give the purpose of your visit to the United States ▶
- D** Current nonimmigrant status and date of change (see page 9) ▶
- E** Date you entered the United States (see page 9) ▶
- F** Did you give up your permanent residence as an immigrant in the United States this year? **Yes** **No**
- G** Dates you entered and left the United States during the year. Residents of Canada or Mexico entering and leaving the United States at frequent intervals, give name of country only. ▶
- H** Give number of days (including vacation and nonworkdays) you were present in the United States during 2006, 2007, and 2008
- I** Did you file a U.S. income tax return for any year before 2008? **Yes** **No**
If "Yes," give the latest year and form number ▶
- J** If you are claiming the benefits of a U.S. income tax treaty with a foreign country, give the following information. See page 9 for additional information.
 - Country ▶
 - Type and amount of income exempt from tax and the applicable tax treaty article. Enter treaty-exempt income for 2008 below and on line 6; not on line 3 or 5.
For 2008 ▶
 - For 2007 ▶
 - Were you subject to tax in that country on any of the income that you claim is entitled to the treaty benefits? **Yes** **No**
- K** During 2008, did you apply for, or take any affirmative steps to apply for, lawful permanent resident status in the United States or have an application pending to adjust your status to that of a lawful permanent resident of the United States? **Yes** **No**
If "Yes," explain ▶

Part 3, Scenario 3: Igor Pulaski

Use the following information to prepare a Form 1040NR.

Igor Pulaski is an F-1 student from Poland. His wife, Katinka is also an F-1 student from Poland. They have come to your VITA site to get assistance with their 2008 tax return. They both worked on campus (starting in 2008) and they have a son, who was born in the United States in December, 2007.

Igor came to the United States on August 9, 2006. Katinka came to the United States on 1-1-2007. Igor and Katinka are citizens of Poland. Their address in Poland is 1000 Main Ave, Anytown, Poland. If he is entitled to a refund, he wants it mailed to him. He doesn't want to designate anyone else to discuss this return with the IRS. He did not take any affirmative steps to apply for permanent residence in the United States.

He will not be taxed in his home country on the income he has from the United States. In addition to their wage income, Igor earned \$1,319 in dividends in the U.S. stock market. Poland has a treaty with the United States that allows the dividends to be taxed at 15% instead of 30% (Treaty Article 11). Prepare Igor's tax return using the following information.

		a Employee's social security number		OMB No. 1545-0008		Safe, accurate, FAST! Use				Visit the IRS website at www.irs.gov/efile .	
b Employer identification number (EIN)				1 Wages, tips, other compensation		2 Federal income tax withheld					
c Employer's name, address, and ZIP code				3 Social security wages		4 Social security tax withheld					
				5 Medicare wages and tips		6 Medicare tax withheld					
				7 Social security tips		8 Allocated tips					
d Control number				9 Advance EIC payment		10 Dependent care benefits					
e Employee's first name and initial		Last name		Suff.		11 Nonqualified plans		12a See instructions for box 12			
						13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/>		12b			
						14 Other		12c			
						12d					
f Employee's address and ZIP code											
15 State Employer's state ID number		16 State wages, tips, etc.		17 State income tax		18 Local wages, tips, etc.		19 Local income tax		20 Locality name	
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Form **W-2** Wage and Tax Statement

2008

Department of the Treasury—Internal Revenue Service

Copy B—To Be Filed With Employee's FEDERAL Tax Return.
This information is being furnished to the Internal Revenue Service.

**Foreign Person's U.S. Source Income
Subject to Withholding**

AMENDED

PRO-RATA BASIS REPORTING

2008

Copy B
for Recipient

1 Income code	2 Gross income	3 Withholding allowances	4 Net income	5 Tax rate	6 Exemption code	7 Federal tax withheld	
						8 Withholding by other agents	
						9 Total withholding credit	
10 Amount repaid to recipient				14 Recipient's U.S. TIN, if any ▶ <input type="checkbox"/> SSN or ITIN <input type="checkbox"/> EIN <input type="checkbox"/> QI-EIN			
11 Withholding agent's EIN ▶ <input type="checkbox"/> EIN <input type="checkbox"/> QI-EIN				15 Recipient's foreign tax identifying number, if any		16 Country code	
12a WITHHOLDING AGENT'S name				17 NQI's/FLOW-THROUGH ENTITY'S name		18 Country code	
12b Address (number and street)				19a NQI's/Entity's address (number and street)			
12c Additional address line (room or suite no.)				19b Additional address line (room or suite no.)			
12d City or town, province or state, country, ZIP or foreign postal code				19c City or town, province or state, country, ZIP or foreign postal code			
13a RECIPIENT'S name			13b Recipient code	20 NQI's/Entity's U.S. TIN, if any ▶			
13c Address (number and street)				21 PAYER'S name and TIN (if different from withholding agent's)			
13d Additional address line (room or suite no.)				22 Recipient account number (optional)			
13e City or town, province or state, country, ZIP or foreign postal code				23 State income tax withheld	24 Payer's state tax no.	25 Name of state	

**Foreign Person's U.S. Source Income
Subject to Withholding**

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PRO-RATA BASIS REPORTING

2008

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for Recipient

1 Income code	2 Gross income	3 Withholding allowances	4 Net income	5 Tax rate	6 Exemption code	7 Federal tax withheld	
						8 Withholding by other agents	
						9 Total withholding credit	
10 Amount repaid to recipient				14 Recipient's U.S. TIN, if any ▶ <input type="checkbox"/> SSN or ITIN <input type="checkbox"/> EIN <input type="checkbox"/> QI-EIN			
11 Withholding agent's EIN ▶ <input type="checkbox"/> EIN <input type="checkbox"/> QI-EIN				15 Recipient's foreign tax identifying number, if any			16 Country code
12a WITHHOLDING AGENT'S name				17 NQI's/FLOW-THROUGH ENTITY'S name			18 Country code
12b Address (number and street)				19a NQI's/Entity's address (number and street)			
12c Additional address line (room or suite no.)				19b Additional address line (room or suite no.)			
12d City or town, province or state, country, ZIP or foreign postal code				19c City or town, province or state, country, ZIP or foreign postal code			
13a RECIPIENT'S name			13b Recipient code	20 NQI's/Entity's U.S. TIN, if any ▶			
13c Address (number and street)				21 PAYER'S name and TIN (if different from withholding agent's)			
13d Additional address line (room or suite no.)				22 Recipient account number (optional)			
13e City or town, province or state, country, ZIP or foreign postal code				23 State income tax withheld	24 Payer's state tax no.	25 Name of state	

Please print or type.

Form fields for personal information: Your first name and initial, Last name, Identifying number, Present home address, City, town or post office, state, and ZIP code, Country, Give address outside the United States, Give address in the country where you are a permanent resident.

Attach Forms W-2 here. Also attach Form(s) 1099-R if tax was withheld.

Filing Status and Exemptions for Individuals (see page 8). Table with columns for Filing status, 7a Yourself, 7b Spouse. Includes checkboxes for Single resident, Other single nonresident alien, Married resident, Other married nonresident alien, Qualifying widow(er).

7c Dependents: (see page 9). Table with columns for (1) First name, Last name, (2) Dependent's identifying number, (3) Dependent's relationship to you, (4) if qualifying child for child tax credit. Includes 'Caution' text and 'No. of boxes checked on 7a and 7b'.

d Total number of exemptions claimed

Enclose, but do not attach, any payment.

Income Effectively Connected With U.S. Trade/Business. Lines 8-23. Includes 8 Wages, salaries, tips, etc. Attach Form(s) W-2; 9a Taxable interest; 9b Tax-exempt interest; 10a Ordinary dividends; 10b Qualified dividends; 11-15 Other income; 16a-17a IRA distributions and pensions; 18-21 Other income; 22 Total income exempt; 23 total effectively connected income.

Adjusted Gross Income. Lines 24-35. Includes 24 Archer MSA deduction; 25 Health savings account deduction; 26-33 Various deductions; 34 Add lines 24 through 33; 35 Subtract line 34 from line 23. Enter here and on line 36. This is your adjusted gross income.

Schedule A—Itemized Deductions (See pages 26, 27, 28, and 29.)

07

State and Local Income Taxes	1	State income taxes	1			
	2	Local income taxes	2			
	3	Add lines 1 and 2				3
Total Gifts to U.S. Charities	Caution: <i>If you made a gift and received a benefit in return, see page 26.</i>					
	4	Gifts by cash or check. If you made any gift of \$250 or more, see page 26	4			
	5	Other than by cash or check. If you made any gift of \$250 or more, see page 26. You must attach Form 8283 if "the amount of your deduction" (see definition on page 27) is more than \$500	5			
	6	Carryover from prior year	6			
	7	Add lines 4 through 6				7
Casualty and Theft Losses	8	Casualty or theft loss(es). Attach Form 4684. See page 27				8
Job Expenses and Certain Miscellaneous Deductions	9	Unreimbursed employee expenses—job travel, union dues, job education, etc. You must attach Form 2106 or Form 2106-EZ if required. See page 28 ▶	9			
	10	Tax preparation fees.	10			
	11	Other expenses. See page 28 for expenses to deduct here. List type and amount ▶	11			
	12	Add lines 9 through 11	12			
	13	Enter the amount from Form 1040NR, line 36	13			
	14	Multiply line 13 by 2% (.02)	14			
	15	Subtract line 14 from line 12. If line 14 is more than line 12, enter -0-				15
Other Miscellaneous Deductions	16	Other—see page 28 for expenses to deduct here. List type and amount ▶				16
Total Itemized Deductions	17	Is Form 1040NR, line 36, over \$159,950 (over \$79,975 if you checked filing status box 3, 4, or 5 on page 1 of Form 1040NR)? <input type="checkbox"/> No. Your deduction is not limited. Add the amounts in the far right column for lines 3 through 16. Also enter this amount on Form 1040NR, line 37. <input type="checkbox"/> Yes. Your deduction may be limited. See page 29 for the amount to enter here and on Form 1040NR, line 37. } ▶				17

Other Information (If an item does not apply to you, enter "N/A.")

A What country issued your passport?

B Were you ever a U.S. citizen? Yes No

C Give the purpose of your visit to the United States ▶

D Current nonimmigrant status and date of change (see page 29) ▶

E Date you entered the United States (see page 29) ▶

F Did you give up your permanent residence as an immigrant in the United States this year? Yes No

G Dates you entered and left the United States during the year. Residents of Canada or Mexico entering and leaving the United States at frequent intervals, give name of country only. ▶

H Give number of days (including vacation and nonworkdays) you were present in the United States during:

2006, 2007, and 2008

I If you are a resident of Canada, Mexico, or the Republic of Korea (South Korea), or a U.S. national, did your spouse contribute to the support of any child claimed on Form 1040NR, line 7c? Yes No
If "Yes," enter amount ▶ \$

If you were a resident of the Republic of Korea (South Korea) for any part of the tax year, enter in the space below your total foreign source income not effectively connected with a U.S. trade or business. This information is needed so that the exemption for your spouse and dependents residing in the United States (if applicable) may be allowed in accordance with Article 4 of the income tax treaty between the United States and the Republic of Korea (South Korea).

Total foreign source income not effectively connected with a U.S. trade or business ▶ \$

J Did you file a U.S. income tax return for any year before 2008? Yes No
If "Yes," give the latest year and form number ▶

K To which Internal Revenue office did you pay any amounts claimed on Form 1040NR, lines 59, 62, and 64?

L Have you excluded any gross income other than foreign source income not effectively connected with a U.S. trade or business? . Yes No

If "Yes," show the amount, nature, and source of the excluded income. Also, give the reason it was excluded. (Do not include amounts shown in item M.) ▶

M If you are claiming the benefits of a U.S. income tax treaty with a foreign country, give the following information. See page 30 for additional information.

- Country ▶
- Type and amount of effectively connected income exempt from tax. Also, identify the applicable tax treaty article. Do not enter exempt income on lines 8, 9a, 10a, 11-15, 16b, or 17b-21 of Form 1040NR.

For 2008 (also, include this exempt income on line 22 of Form 1040NR) ▶

For 2007 ▶

- Type and amount of income not effectively connected that is exempt from or subject to a reduced rate of tax. Also, identify the applicable tax treaty article.

For 2008 ▶

For 2007 ▶

- Were you subject to tax in that country on any of the income you claim is entitled to the treaty benefits? Yes No

- Did you have a permanent establishment or fixed base (as defined by the tax treaty) in the United States at any time during 2008? Yes No

N If you file this return to report community income, give your spouse's name, address, and identifying number.

O If you file this return for a trust, does the trust have a U.S. business? Yes No
If "Yes," give name and address ▶

P Is this an "expatriation return" (see page 30)? Yes No
If "Yes," you must attach an annual information statement.

Q During 2008, did you apply for, or take other affirmative steps to apply for, lawful permanent resident status in the United States or have an application pending to adjust your status to that of a lawful permanent resident of the United States? Yes No
If "Yes," explain ▶

R Check this box if you have received compensation income of \$250,000 or more and you are using an alternative basis to determine the source of this compensation income (see page 30) ▶