

Foreign Nationals Glossary Terms

This document contains a list of commonly used terms when hiring and paying foreign nationals. The document is divided in the following 4 sections:

[Terminology](#)

[Exemption and Withholding Forms](#)

[Foreign Nationals Documentation](#)

[Offices and Departments](#)

Terminology

Curricular Practical Training (CPT): An alternate work/study, internship, cooperative education, clerkship, or optional/required internship or practicum, available only while the student is in F-1 status, before completion of the educational objective. There are two CPT options: full-time (over 20 hours) and part-time (20 hours or less). Full-time CPT of one year (365 days) or more will cause the student to become ineligible for Optional Practical Training (OPT); part-time CPT does not affect OPT eligibility. Please note that this includes any full-time internships or clerkships that are required by the student's program.

E-Verify: Internet-based, free program run by the United States government that compares information from an employee's Employment Eligibility Verification Form I-9 to data from U.S. government records. If the information matches, that employee is eligible to work in the United States. If there's a mismatch, E-Verify alerts the employer and the employee is allowed to work while he or she resolves the problem within eight days. The program is operated by the Department of Homeland Security (DHS) in partnership with Social Security Administration.

FICA Tax: Social Security and Medicare taxes withheld from U.S. tax residents and their employers for retirement. FICA tax is authorized under the Federal Insurance Contribution Act (FICA) and is also referred to as OASI (Old Age, Survivors, and Disability Insurance) tax. FICA tax is also commonly referred to as Social Security tax, because it funds various Social Security benefit programs. International students are normally exempt from paying Social Security and Medicaid (FICA) taxes.

Foreign Source Income: Income received for services performed outside of the U.S., or a scholarship/fellowship/grant paid by a non-U.S. payer (usually a foreign government or corporation). See IRS Publication 519 for sourcing rules. Foreign source income is normally not taxable income for a nonresident alien, but it is taxable income to a resident alien.

Immigrant: A person who is not a citizen of the U.S. that has been authorized to reside in the U.S. permanently. Also known as lawful permanent resident (LPR), permanent resident alien, resident alien permit holder, and green card holder.

Individual Taxpayer Identification Number (ITIN): A nine-digit tax processing number issued by the IRS to individuals who require a U.S. taxpayer identification number but who do not have, and are not eligible to obtain a Social Security Number (SSN) from the Social Security Administration (SSA). A person may not use an ITIN in place of a social security number (SSN) for employment.

Memorandum of Understanding (MOU): A legally binding document that sets forth the conditions of the fellowship between the foreign national and the University of Florida regarding their activities while at the institution. This document indicates that fellowship payment(s) to the visitor are not for any services provided and state there is no employer-employee relationship.

Nonqualified Scholarship: Scholarship income that is not applied toward tuition and fees or required books, supplies and equipment for courses of instruction at an educational organization. Nonqualified scholarships are taxable income to the recipient. For nonresident alien students, nonqualified scholarships are subject to 14% federal income tax withholding (plus any state income tax withholding) in the absence of income tax treaty benefits.

Nonresident Alien (NRA) for Tax Purposes: an individual who has not met or “passed” the substantial presence test by virtue of the number of days being physically present in the USA or who has not been granted lawful permanent residence in the U.S. as a permanent resident alien. A nonresident alien has been present in the U.S. for a short enough period or for a particular reason so as to be treated more closely connected to his home country than to the U.S. A nonresident alien is taxed only on his income from the U.S. sources, using special tax withholding, reporting, and filing guidelines which are different than those applied to U.S. citizens and resident aliens for tax purposes.

In general:

- F and J student visa holders are considered non-residents during their first five full or partial calendar years in the U.S.
- J professors and researchers are considered non-residents during their first two full or partial calendar years in the U.S.
- H-1, TN and O-1 visa holders are considered non-residents until they meet the substantial presence test.

Optional Practical Training (OPT): Temporary employment authorized to individuals in F-1 nonimmigrant student status through an employment authorization card (EAD) to gain experience directly related to the student’s major area of study. OPT can be used before and/or after a student completes a program of study.

Port of Entry (POE): Any location in the United States or its territories that is designated as a point of entry for aliens and U.S. citizens. The airport, land border crossing, or port in the U.S. where one first arrives and applies to enter the country. All district and files control offices are also considered ports.

Qualified Scholarship: Non-service scholarship income that is used for tuition and fees required for enrollment or attendance at an educational institution, or for fees, books, supplies, and equipment required for courses at the educational institution. Qualified scholarships are not taxable to the recipient, regardless of tax residency status. Compensation for services rendered that is used to cover tuition and required fees, or used to purchase textbooks, is considered taxable earnings, rather than non-service scholarship income.

Resident Alien for Tax Purposes: A resident alien for tax purposes is 1) a person who is not a U.S. citizen or 2) a foreign national who meets either the "green card" or substantial presence test as described in IRS Publication 519, U.S. Tax Guide for Aliens.

In general:

- F and J student visa holders are considered residents after five full or partial calendar years in the U.S.
- J researchers and professors are generally considered residents after two full or partial calendar years in the U.S.
- H-1, TN, and O-1 visa holders are considered residents once they meet the substantial presence test.

STEM OPT: The STEM (Science, Technology, Engineering, and Mathematics) OPT extension allows students in certain degree programs to extend the initial 12-month OPT period. If approved, STEM would extend the OPT period by 17 months, to a total of 29 months on post-completion OPT. It is recommended to utilize the STEM extension before changing to H-1B status.

Substantial Presence Test: A calculation of the number of days of physical presence in the U.S. during a three-year period (as described below) including the current calendar year. If the computed number of days for the three-year period is equal to or greater than 183 days, and the number of days in the current year is at least 31, then the foreign national has met the substantial presence test, and is a resident alien for tax purposes in the current calendar year.

The substantial presence test for a given calendar/tax year is computed by adding:

- All of the days of physical presence in the U.S. in the current calendar year
- One-third (1/3) of the days in the U.S. in the previous calendar year
- One-sixth (1/6) of the days in the U.S. in the second preceding year

When counting the number of days of physical presence in the U.S., any days during which the foreign national is considered an "exempt individual" are excluded from consideration. Being an "exempt individual" for the purposes of the substantial presence test does not mean exempt from paying tax.

Treaty Benefits: An exemption from U.S. federal income taxes pursuant to a bilateral treaty between the U.S. and an individual's country of residence. A tax treaty exemption may be available

only if the country where the foreign national lived before arriving in the U.S. has negotiated an income tax treaty with the United States government.

U.S. Source Income: Compensation paid for services, scholarship, or fellowship income paid by a U.S. payer to an individual studying or engaging in research activities in the U.S.

Exemption and Withholding Forms

Form W-2: Wage and Tax Statement. The form used to report wages, tips, and other compensation and withheld taxes to the IRS, the Social Security Administration, and to the employee.

Form W-4: Employee's Withholding Allowance Certificate - a federal form completed by employees to specify their income tax withholding elections to their employers. There are specific guidelines for nonresident aliens who are completing this form.

Form W-7: A federal form used to apply for an IRS Individual Taxpayer Identification Number (ITIN). Must be prepared by the individual requesting the ITIN.

Form W-8BEN: Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding - A federal form completed by foreign nationals to certify their foreign status (i.e. nonresident alien tax residency) and U.S. taxpayer identification number (SSN or ITIN) in conjunction with payments requiring withholding. This form is also used to claim a tax treaty exemption from federal tax withholding for a nonresident's taxable scholarship and fellowship grant payments. This form is to be submitted to Payroll & Tax Services.

Form W-9: Request for Taxpayer Identification Number and Certification. Individuals and entities use the form to provide their taxpayer identification number to entities that will pay them income during the tax year. The information on the Form W-9 and the payment made are reported on a Form 1099. A secondary purpose is to help the payee avoid backup withholding. For a small population of visitors who become residents during their stay, they may become eligible for treaty benefits. TaxNav generates tailored W-9s that include treaty verbiage. This form is used in place of Form 8233 in these uncommon situations.

Form 8233: Exemption From Withholding on Compensation for Independent (and Certain Dependent) Personal Services of a Nonresident Alien Individual - A federal form completed by foreign national persons to request an exemption from federal tax withholding pursuant to an income tax treaty for all or part of the nonresident's compensation for personal services rendered and for non-compensatory scholarship or fellowship income, if from the same withholding agent.

Form 1042-S: An IRS tax form that reports payment summary information for:

- Foreign students with taxable scholarships
- Tax treaty exemption holders

- Prize/award winners
- Foreign independent contractors

If you are eligible to use a tax treaty, but did not request or sign the necessary forms during the tax year to utilize a tax treaty, your income will be taxed and reported on a Form W-2. You may claim your tax treaty when you file your tax return with the IRS. Not all nonresident aliens and foreign nationals will receive a 1042-S. Please note that for those who receive income that exceeds the treaty maximum amount that the additional income will be reported on Form W-2. These individuals will receive both forms from the University. While Form W-2 may be requested electronically, Form 1042-S is only available via mail. Maintaining correct mailing addresses with UF is important for timely reception of forms.

Foreign Nationals Documentation

Foreign National Information Form (FNIF): A required document for foreign nationals who receive payments from the University of Florida. Although it is not an IRS form itself, information provided by the visitor allows Payroll & Tax Services to make determinations regarding tax residency for visitors, and is used to generate the proper IRS forms (W-4, W-9, 8233, W-8BEN, etc.) needing signature.

Form DS-2019: Certificate of Eligibility for Exchange Visitor (J-1) Status used to obtain a J-1 Exchange Visitor visa. The form can only be issued and endorsed by a Responsible/Alternative Responsible Officer (in the UF International Office). J-1 Students are usually those funded by a government or institution. They may be degree-seeking or participating in a reciprocal exchange or cooperative education program. Other DS-2019 categories include Research Scholar, Short-Term Scholar, Professor, Student Intern. Before the advent of the SEVIS system, the form used for J-1 visitors was called "IAP – 66."

Form I-797: A form used by the U.S. Citizenship and Immigration Services (USCIS) to grant complementary immigrant benefits and status. It is the H1B approval notice issued by USCIS for work authorization.

Form I-9: Employment Eligibility Verification form required by U.S. Citizenship and Immigration Services. It is used by an employer to verify an employee's identity and to establish that the worker is eligible to accept employment in the United States.

Form I-20: Certification of Eligibility for Nonimmigrant (F-1) Student Status used to obtain an F-1 student visa. F-1s are usually privately-funded, full-time, degree-seeking students. The specific program and expected date of completion of studies are on the form. This form can only be issued or endorsed by the Designated School Official (DSO).

I-94 Card/Electronic I-94 - Arrival/Departure Record: DHS Arrival/Departure Record that the visitor receives upon entry to the U.S. A paper I-94 indicates Admission Number, Visa Type,

place/date of admission to the U.S., and specific period of authorized stay (or duration of status—D/S). As of April 26, 2013, paper I-94s are no longer issued. Visit the [Admission \(I-94\) Number Retrieval](#) webpage to print a copy of the electronic I-94 number.

Offices and Departments

Customs and Border Patrol (CBP): U.S. government bureau that is responsible for immigration inspections at U.S. ports of entry, U.S. border patrol, and U.S. customs.

Department of Homeland Security (DHS): The department of the U.S. government that was formerly the Immigration and Naturalization Services (INS). The immigration functions of the department are administered by three bureaus including U.S. Citizenship and Immigration Services (USCIS), Immigration and Customs Enforcement (ICE), and Customs and Border Patrol (CBP).

Department of Labor: (DOL) The federal department responsible for promoting the working conditions of wage earners in the United States.

Immigration and Customs Enforcement (ICE): Branch of the U.S. Department of Homeland Security that investigates regulation infractions.

Social Security Administration (SSA): An independent agency of the federal government that provides social security services to the public, including but is not limited to social security numbers, retirement, disability, and survivors' benefits. A foreign national must wait 10 days after their arrival to visit the SSA office to request a social security number.

U.S. Department of State (USDOS): The U.S. government agency that operates U.S. Consulates and Embassies worldwide for U.S. citizens or U.S. permanent residents seeking assistance abroad, as well as for non-U.S. citizens seeking visas to enter the United States, if a U.S. visa is required for entry. This agency also administers the J-1 exchange visitor program.

U.S. Citizenship and Immigration Services (USCIS): The government agency that oversees lawful immigration to the United States.