True or False?

1. True. Despite their physical presence in the United States, most students correctly disregard their days of physical presence in determining whether they are U.S. residents under the “substantial presence” test.

2. False. That’s exactly backward. A nonresident alien individual is entitled to a personal exemption, but not a standard deduction.

3. True. After any part of two calendar years, foreign teachers are subject to the “substantial presence” test -- and if they are here for most of a third calendar year, they are likely treated as residents. (The student exemption lasts for five calendar years.)

4. True. Once we determine that a client is a nonresident alien, we can ignore any foreign-source receipts that he or she may have.

5. False. Domicile, not physical presence, determines residency for Oregon income tax purposes.

6. False. Again, this is backward. A student in this situation would be required to file an Oregon return but not a federal return.

7. False. The U.S.-Denmark treaty exemption for remittances during studying and training applies only to amounts received from a foreign payor. (Note: Such income, being foreign-source, would not be taxable to a nonresident alien under the U.S. tax code anyway, even without the treaty.) This student would be entitled to a $3,400 personal exemption, but the additional $600 of gross income would be taxable in the United States. Both federal and Oregon returns would have to be filed.

8. True. F-1 and J-1 visa holders are not subject to Social Security and Medicare taxes. (Spouses on F-2 and J-2 visas are subject to these taxes, however.)

9. True. A “green card” holder is a resident for tax purposes.

10. True. Residents are generally subject to the same federal tax rules as U.S. citizens.