

## VITA FOR 2007 RETURNS

### SUGGESTED ANSWERS TO QUIZ

#### *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.