IRS FORM 1040 NR

**NON-RESIDENT INCOME TAX RETURN**

Source: <http://www.investopedia.com/terms/n/nonresidentalien.asp#ixzz4vhrT8SiF>

Read more: <https://www.irs.gov/site-index-search?search=1040+nr&field_pup_historical_1=1&field_pup_historical=1&=Search>

A nonresident alien is a classification assigned to a non-U.S. citizen, or foreign national, who doesn't pass the [green card](http://www.investopedia.com/terms/g/green-card.asp) test or the substantial presence test. If a non-citizen currently has a green card or has had a green card in the past calendar year, he or she would pass the green card test and would be classified as a [resident alien](http://www.investopedia.com/terms/r/residentalien.asp).

BREAKING DOWN 'Nonresident Alien'

If the individual has resided in the U.S. for more than 31 days in the current year and has resided in the U.S. for more than 183 days over a three-year period, including the current year, he or she would pass the substantial presence test and also be classified as a resident alien.

Resident aliens are taxed on all [earned income](http://www.investopedia.com/terms/e/earnedincome.asp) as if they were U.S. citizens, but a nonresident [alien](http://www.investopedia.com/terms/a/alien.asp) is subject to taxation only under specific circumstances. For a nonresident alien, only income that is generated from U.S. sources, excluding certain investments, is subject to [taxation](http://www.investopedia.com/terms/t/taxation.asp).

For example, if you live in England and own a company that operates in the U.S., but you have not been to the U.S. for five years and don't have a green card, the income generated by the business will be subject to U.S. tax based on the applicable nonresident alien status. Additionally, [dividends](http://www.investopedia.com/terms/d/dividend.asp) from U.S. based corporations are taxed at 30% for every nonresident alien, while [capital gains](http://www.investopedia.com/terms/c/capitalgain.asp) are not subject to U.S. tax.

Examples of Taxable Income

Nonresident alien income sources may be taxable should the source be determined to fall within the U.S. For example, rent payments on properties located within the U.S. would be taxable, as well as any royalties associated with the extraction of natural resources from property within the U.S.

Nonresident Alien Tax Filings

Nonresident aliens are required to submit tax filings in regards to their income-generating activities within the U.S. If cases where a nonresident alien had wages that were subject to income tax requirements, such as investment dividends, they must file a Form 1040NR or Form 1040NR-EZ to complete the assessment of any taxes or refunds due no later than April 15th of the year following the tax year. In cases where no income was subject to withholdings, such as income within the personal filing exemption amount, the filing must be completed by June 15th of the year following the tax year.

Departing Nonresident Aliens

In order to leave the U.S., a nonresident alien must file a Form 1040-C, along with all taxes due, in order to obtain a certificate of compliance. The aforementioned certificate asserts that the nonresident alien is in compliance with applicable tax law as of the date of departure. A Form 1040-C does not remove the requirement to file an appropriate Form 1040NR for annual tax filing purposes.

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