

Resident or Nonresident?

How to Complete Your Nonresident PhD Trainee Tax Return Emily Roberts, PhD Personal Finance for PhDs

In this module, you will determine whether you are considered a resident, non-resident, or dual status for federal income tax purposes.

What are the residency statuses with respect to the IRS?

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Let's first go over the various residency statuses for the IRS.

Residency
status for
federal tax

≠

Residency
status for:
Immigration
University
State tax

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The first thing to acknowledge is that your residency status for federal income tax purposes is independent of your residency status as determined by immigration, your university, your state, etc. Each different body has its own definition of a resident, and while the definitions might consider some of the same factors, they are not necessarily identical. So you can't just translate your status in one of these other areas over to the federal income tax area.



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There are three basic filing statuses that anyone might have with respect to the IRS: a citizen or permanent resident, a resident alien, and a nonresident alien.

If you are a citizen, permanent resident, or resident alien aka resident for tax purposes, the foundation of your tax return is Form 1040. I'll use the term resident for these statuses during this workshop. If you are a nonresident alien, the foundation of your tax return is Form 1040-NR. I'll use the term nonresident for this status.

If both nonresident and resident: Dual status

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It's also possible to switch from being a nonresident to resident (or vice versa) during a calendar year, in which case you would be labeled dual-status for that year. The CPA I consulted with on this material confirmed the recommendation of the IRS's Volunteer Income Tax Assistance program that anyone who is dual-status should use a human professional tax preparer!

This workshop is for nonresidents.

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This workshop is specifically for nonresident tax returns. If you go through this section and figure out that you were a resident for tax purposes for the entirety of 2025, please email tax@PFforPhDs.com to potentially switch to the corresponding tax workshop for citizens and residents.

Determining residency status

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How can you determine what your residency status is?

IRS Publication 519 Chapter 1:

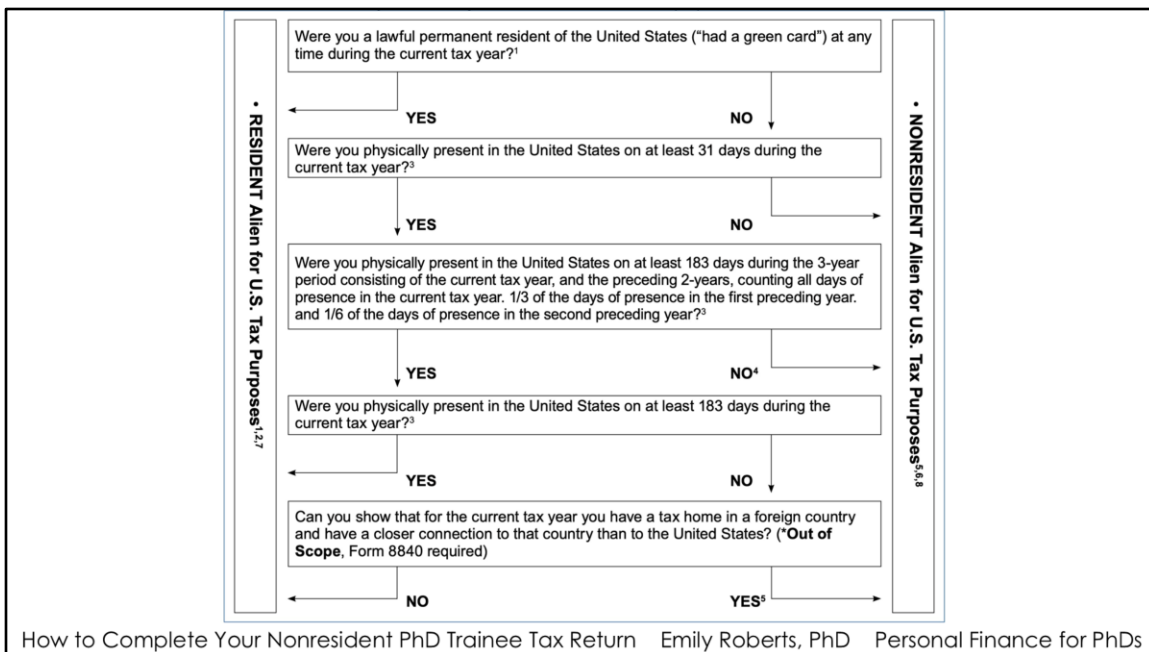
“If you are an alien (not a U.S. citizen), you are considered a nonresident alien unless you meet one of the two tests described under *Resident Aliens* below.”

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Publication 519 puts it clearly in Chapter 1:

“If you are an alien (not a U.S. citizen), you are considered a nonresident alien unless you meet one of the two tests.”

So non-citizens by default are considered nonresidents unless they pass one of two tests. The two tests are the Green Card Test and the Substantial Presence Test, and they are the subject of this module.

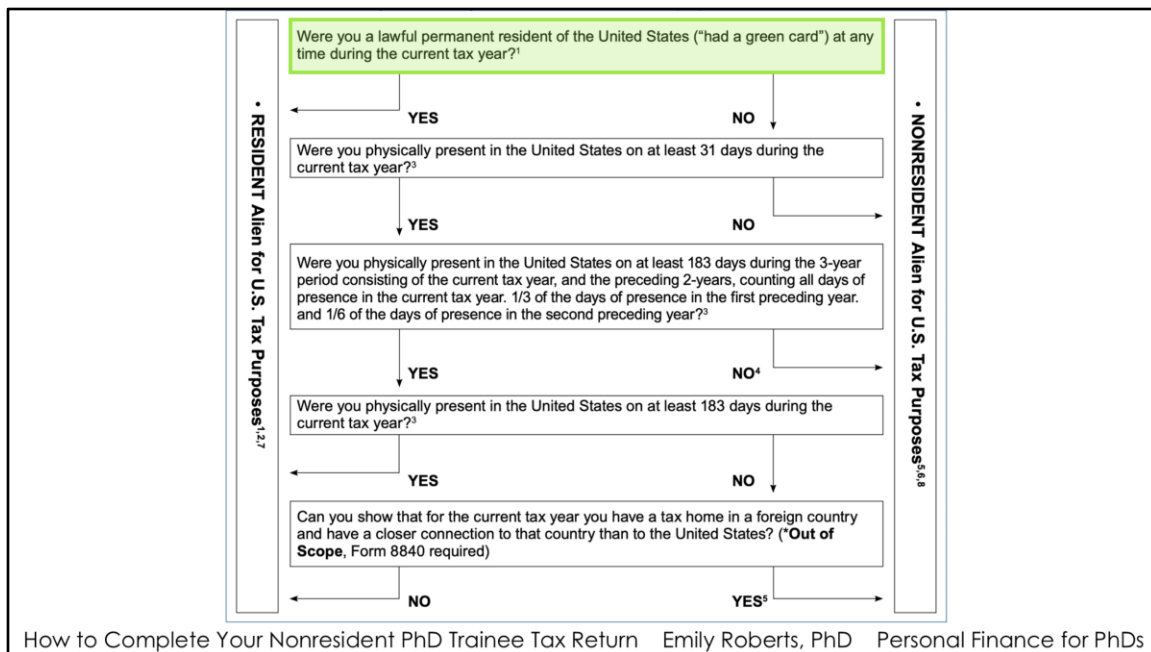


IRS Publication 4011 provides a handy flow chart for determining residency status. We'll go through the steps of this flow chart next. I've omitted a few important footnotes from this image, but I'll relay them to you as we walk through the chart.

Green Card Test

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The first test is the Green Card Test. You can read about it in Publication 519 Chapter 1. If you pass the Green Card Test, you are considered a resident for tax purposes this year.



The question from the flow chart in Publication 4011 is: “Were you a lawful permanent resident of the United States (had a “green card”) at any time during the current tax year?”

If you answer yes, then you are a resident for tax purposes.

However, if this was the first or last year of your permanent residency, you may be considered dual-status.

The start date of your residency for tax purposes is...

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If 2025 was the year in which you received your permanent resident status, the start date of your residency for tax purposes is the date indicated in your letter from the United States Citizenship and Immigration Services. [Reference: Publication 4152 p. 1-18]

If you became a permanent resident and passed the substantial presence test in 2025, the start date for your residency for tax purposes is whichever date is earlier in the year.



Publication 4011 p. 10:

“In some circumstances you may still be considered a nonresident alien and eligible for benefits under an income tax treaty between the U.S. and your country.”

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Another caveat here, though! The tax treaty between the US and your home country can modify even the Green Card Test. If you are a Green Card holder, please check the relevant tax treaty to see if you can still be considered a nonresident for tax purposes.

Substantial Presence Test (SPT)

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The substantial presence test (SPT) involves two conditions regarding your presence in the US, both of which have to be met to pass the test. Both conditions involve the number of days that you were physically present in the US during 2025, 2024, and/or 2023. If you pass the Substantial Presence Test, you are considered a resident for tax purposes this year.

- 👍 Resident
 - 👍 Substantial Presence Test (SPT)
 - 👎 Exempt individual?
 - 👍 Until you've been an exempt individual for...
 - 👎 Unless you meet conditions...

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Now we're going to get into a bit of a conditional mess in the next handful of slides. I want to orient you as to what we're discussing.

Overall, we are determining if you are a resident for tax purposes. If you pass the SPT, you are considered a resident. But first, perhaps you are an exempt individual with respect to the SPT, which would help you to not pass the SPT. But once you've spent a certain amount of time in the US, you're no longer considered an exempt individual and it's more likely that you'll pass the SPT. But even if that is the case, if you meet a set of conditions, you can still be an exempt individual with respect to the SPT, which means you're less likely to pass it. Only once we go through all the exempt individual conditions can we return to the actual SPT.

Exempt Individuals

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Now we will review when an individual is exempt from counting days toward the SPT. Please note that even if you are determined to be an exempt individual in 2025, this does not necessarily mean that you are exempt from paying income tax in the US in 2025. An exempt individual is very narrowly defined with respect to only the SPT. The following quotes are from Publication 519 Chapter 1.

Publication 519 Chapter 1:
“Do not count days for which you are an exempt
individual.”

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Any of the days on which you were an “exempt individual” do not count toward your days for the SPT. “Do not count days for which you are an exempt individual.”

I’ll go through first who exempt individuals are. Then, if you determine that there are days in your year for which you are not exempt, you can apply the SPT.

Publication 519 Chapter 1:
“The term “exempt individual”... refers to anyone in
the following categories.”

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Publication 519 Chapter 1 lists exempt individuals. I am selecting the subset of that list that typically applies to graduate students and postdocs.

Publication 519 Chapter 1:

“A student temporarily present in the United States under an “F,” “J,” “M,” or “Q” visa who substantially complies with the requirements of the visa.”

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An exempt individual is “A student temporarily present in the United States under an “F,” “J,” “M,” or “Q” visa who substantially complies with the requirements of the visa.”

Publication 519 Chapter 1:

“A teacher or trainee temporarily present in the United States under a “J” or “Q” visa who substantially complies with the requirements of the visa.”

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An exempt individual is “A teacher or trainee temporarily present in the United States under a “J” or “Q” visa who substantially complies with the requirements of the visa.”

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Nonresident PhD Trainee Tax Return

How are you classified?

Were you a student in 2025? Yes ☐ No ☐

The visa you are on is:

F ☐ J ☐

Did you receive "employee income" in 2025?

Yes, reported on Form W-2 ☐ Yes, reported on Form 1042-S ☐ No ☐

Did you receive "awarded income" in 2025 in excess of qualified expenses?

Yes, reported on Form 1042-S ☐ Yes, not reported ☐ No ☐

If you received a Form 1042-S, which income code appeared in Box 1?

16 ☐ 19 ☐ 20 ☐

With respect to the substantial presence test, you are considered a:

Student ☐ Teacher or trainee ☐

What is your country of residence?

With respect to your tax treaty (if applicable), you are considered a:

Student or apprentice ☐

Professor, teacher, or researcher ☐

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Mark down on your classification worksheet which group you fall into, "students" or "teachers or trainees" based on this definition.

By the way, if you changed classification and visa type in the course of the year, you will still discern for which days you are exempt under each classification and then apply the SPT if you were not exempt for the whole year.

- 👍 Resident
 - 👍 Substantial Presence Test (SPT)
 - 👎 Exempt individual?
 - 👍 Until you've been an exempt individual for...
 - 👎 Unless you meet conditions...

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We've defined an exempt individual, but that's not the end of the story... on to the two layers of exceptions.

How long you stay an exempt individual
depends on your classification.

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Your exemption from the SPT does not necessarily last the entire time you are in the US on your visa. As a student or trainee, it may expire sooner.

Student

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I'll address students on F, J, M, and Q visas first.

Publication 519 Chapter 1:

“You will not be an exempt individual as a student in 2025 if you have been exempt as a teacher, trainee, or student for any part of more than 5 calendar years unless you meet both of the following requirements.”

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As a student, you will not be an exempt individual in 2025 if you have been exempt as a teacher, trainee, or student for any part of more than 5 calendar years. We’re about to go over some exceptions to that rule, but before we do, let’s parse this sentence.

Let’s take a simple example first of a grad student who has been in the US for several years already. If they have been in the US for any part of five years or more prior to 2025 as an exempt individual, they are no longer exempt from the SPT. We’re talking about 2025, so if the person spent time in the US in every year between 2020 and 2024, inclusive, as a teacher, trainee, or student, that person is no longer exempt from the SPT under their student status as of 2025. If that person came to the US for the first time as a teacher, trainee, or student in 2021, they are still exempt in 2025.

Please note that these five or more years do not have to be continuous, so time you spent in the US as a teacher, trainee, or student in earlier years will count toward the years as well.

Now, even if you have been in the US as a teacher, trainee, or student for any part of more than five years prior to 2025, you could still continue your student exemption

to the SPT if you meet both of the following conditions.

Publication 519 Chapter 1:

- “You establish that you do not intend to reside permanently in the United States.
- You have substantially complied with the requirements of your visa.”

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You are able to continue your student exemption to the SPT if:

- 1) “You establish that you do not intend to reside permanently in the US” and
- 1) “You have substantially complied with the requirements of your visa.”

I won’t go into all the details about how to establish that you do not intend to reside permanently in the US. You cannot have take any affirmative steps toward becoming a permanent resident and you must establish that you have a closer connection to a foreign country. For example, do you maintain a permanent home in a foreign country that is continuously available to you throughout the year? There are a lot of factors that could go into establishing a closer connection to a foreign country, which you can read about in Publication 519 Chapter 1.

PERSONAL FINANCE *for PhDs*

Nonresident PhD Trainee Tax Return

As a student, in 2025, are you an exempt individual?

Were you exempt as a teacher, trainee, or student in any part of:

2024	Yes <input type="checkbox"/>	No <input type="checkbox"/>
2023	Yes <input type="checkbox"/>	No <input type="checkbox"/>
2022	Yes <input type="checkbox"/>	No <input type="checkbox"/>
2021	Yes <input type="checkbox"/>	No <input type="checkbox"/>
2020	Yes <input type="checkbox"/>	No <input type="checkbox"/>
2019	Yes <input type="checkbox"/>	No <input type="checkbox"/>
2018	Yes <input type="checkbox"/>	No <input type="checkbox"/>
2017	Yes <input type="checkbox"/>	No <input type="checkbox"/>
2016	Yes <input type="checkbox"/>	No <input type="checkbox"/>
2015	Yes <input type="checkbox"/>	No <input type="checkbox"/>

Number of exempt years prior to 2015:

If you were exempt as a teacher, trainee, or student in any part of more than 5 calendar years, you are not exempt in 2025—unless an exception applies to you.

I am an exempt individual in 2025. ☐ EXEMPT

I was already an exempt individual in 5 or years prior to 2025, and an exception does not apply to me. ☐ NOT EXEMPT

I was already an exempt individual in 5 or years prior to 2025, and an exception applies to me. ☐ EXEMPT

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You can use the worksheet titled “As a student, in 2025, are you an exempt individual?” to notate in which years you were already an exempt individual as a teacher, trainee, or student and whether an exception applies to you. Ultimately, you should be able to check off if you were an exempt individual in 2025.

Teachers and Trainees

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Now I'll address teachers and trainees on J and Q visas.

Publication 519 Chapter 1:

“You will not be an exempt individual as a teacher or trainee in 2025 if you were exempt as a teacher, trainee, or student for any part of 2 of the 6 preceding calendar years. However, you will be an exempt individual if all of the following conditions are met.”

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As a teacher or trainee, you will not be an exempt individual in 2025 if you have been exempt as a teacher, trainee, or student for any part of 2 of the 6 preceding calendar years. We’re about to go over some exceptions to that rule, but before we do, let’s parse this sentence.

Let’s take a simple example first of a postdoc who has been in the US for a few years already as a grad student or postdoc. If they have been in the US for any part of 2 of the 6 preceding calendar years as an exempt teacher, trainee, or student, they are no longer exempt from the SPT. The year in question is 2025, so the preceding six years are 2019, 2020, 2021, 2022, 2023, and 2024. If the person was an exempt teacher, trainee, or student in any part of any two of those years, that person is no longer exempt from the SPT under their teacher or trainee status as of 2025. If that person came to the US for the first time as a teacher, trainee, or student in 2024, they are still exempt in 2025.

Now, even if you have been in the US as an exempt teacher, trainee, or student in any part of two of the preceding six years, you could still continue your teacher or trainee exemption to the SPT if you meet all of the following conditions.

Publication 519 Chapter 1:

- “You were exempt as a teacher, trainee, or student for any part of 3 (or fewer) of the 6 preceding calendar years.
- A foreign employer paid all of your compensation during 2025.
- You were present in the United States as a teacher or trainee in any of the 6 prior years.
- A foreign employer paid all of your compensation during each of the preceding 6 years you were present in the United States as a teacher or trainee.”

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You are able to continue your teacher or trainee exemption to the SPT if you meet all of these conditions:

- 1) “You were exempt as a teacher, trainee, or student for any part of 3 (or fewer) of the 6 preceding calendar years.
- 2) A foreign employer paid all of your compensation during 2025.
- 3) You were present in the United States as a teacher or trainee in any of the 6 prior years.
- 4) A foreign employer paid all of your compensation during each of the preceding 6 years you were present in the United States as a teacher or trainee.”

PERSONAL FINANCE *for PhDs*
Nonresident PhD Trainee Tax Return

As a teacher or trainee, in 2025, are you an exempt individual?

Were you exempt as a teacher, trainee, or student in any part of:

2024	Yes <input type="checkbox"/>	No <input type="checkbox"/>
2023	Yes <input type="checkbox"/>	No <input type="checkbox"/>
2020	Yes <input type="checkbox"/>	No <input type="checkbox"/>
2019	Yes <input type="checkbox"/>	No <input type="checkbox"/>
2018	Yes <input type="checkbox"/>	No <input type="checkbox"/>
2017	Yes <input type="checkbox"/>	No <input type="checkbox"/>

If you were exempt as a teacher, trainee, or student in any part of 2 of the 6 preceding calendar years, you are not exempt in 2025—unless an exception applies to you.

I am an exempt individual in 2025. ☐ EXEMPT

I was already an exempt individual in 2 of the preceding 6 years, and an exception does not apply to me. ☐ NOT EXEMPT

I was already an exempt individual in 2 of the preceding 6 years, and an exception applies to me. ☐ EXEMPT

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You can use the worksheet titled “As a teacher or trainee, in 2025, are you an exempt individual?” to notate in which years you were already an exempt individual as a teacher, trainee, or student and whether an exception applies to you. Ultimately, you should be able to check off if you were an exempt individual in 2025.

- 👍 Resident
 - 👍 Substantial Presence Test (SPT)
 - 👎 Exempt individual?
 - 👍 Until you've been an exempt individual for...
 - 👎 Unless you meet conditions...

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Now we've covered all of the exempt individual conditions. You should know by now if you are an exempt individual in 2025 or not.

If you are exempt, you can maintain your nonresident status.

If you are not exempt, this is when we get to the actual Substantial Presence Test.

Substantial Presence Test (If Not Exempt)

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If you are not an exempt individual for all of 2025, you will next apply the substantial presence test. You can be an exempt individual for some days of the year and not others. The following quotes are from Publication 519 Chapter 1.

Publication 519 Chapter 1:

“You are a resident for tax purposes if you meet the substantial presence test for calendar year 2025. To meet this test, you must be physically present in the United States on at least:”

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“You are a resident for tax purposes if you meet the substantial presence test for calendar year 2025. To meet this test, you must be physically present in the United States on at least:”

Publication 519 Chapter 1: “31 days during 2025”

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Condition 1:

“31 days during 2025”

and

Publication 519 Chapter 1:

“183 days during the 3-year period that includes 2025, 2024, and 2023, counting:

- All the days you were present in 2025, and
- 1/3 of the days you were present in 2024, and
- 1/6 of the days you were present in 2023.”

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Condition 2:

“183 days during the 3-year period that includes 2025, 2024, and 2023, counting:

All the days you were present in 2025, and

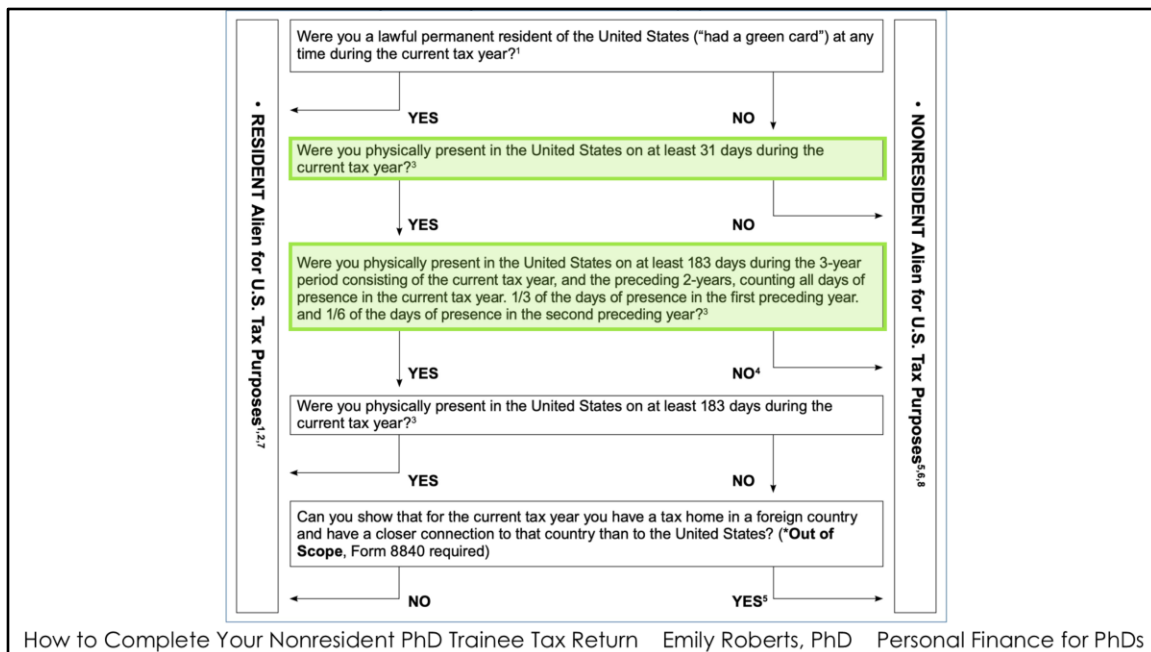
1/3 of the days you were present in 2024, and

1/6 of the days you were present in 2023.”

To be clear, the days being counted are nonexempt days, not the days when you were an exempt individual as we just discussed.

For a simple example, if you were an exempt individual prior to 2025 and switched to nonexempt in 2025 and spent 183 days or more physically in the US in 2025, you are considered a resident for tax purposes.

If you became not exempt in an earlier year, it’s going to become a bit of a math problem to divide and add up all of your days.



Those two questions are captured in the next two steps in the flow chart.

1	How to Complete Your Nonresident PhD Trainee Tax Return (and Understand It, Too!)		
2	"Resident or Nonresident?"		
3			
4	2025 Substantial Presence Test (if you were not an exempt individual)		
5			
6	On how many days were you physically present* in the United States in:		
7		2025	
8		2024	
9		2023	
10	* Reference which days do not count as days present in Publication 519 on p. 4.		
11			
12	Were you physically present in the United States in at least 31 days in 2025?	NO	
13			
14	Were you physically present in the United States in at least 183 days in 2023-2025, counting:	NO	
15	All the days present in 2025:		0
16	1/3 of the days present in 2024:		0
17	1/6 of the days present in 2023:		0
18			
19	Did you pass the SPT?	NO	
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You can use the spreadsheet "Substantial Presence Test (if you were not an exempt individual)" to tabulate how many days you were physically present in the United States between 2023 and 2025. The spreadsheet calculates whether you pass the SPT in 2025. Enter your days physically present in 2025, 2024, and 2023 into the yellow cells.

- 👍 Resident
 - 👍 Substantial Presence Test (SPT)
 - 👎 Exempt individual?
 - 👍 Until you've been an exempt individual for...
 - 👎 Unless you meet conditions...

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Even if you pass the SPT this year, you might still be able to file as a nonresident if you can claim a closer connection to one or two foreign countries.

Publication 519 Chapter 1:

“Even if you meet the substantial presence test, you can be treated as a nonresident alien if you:

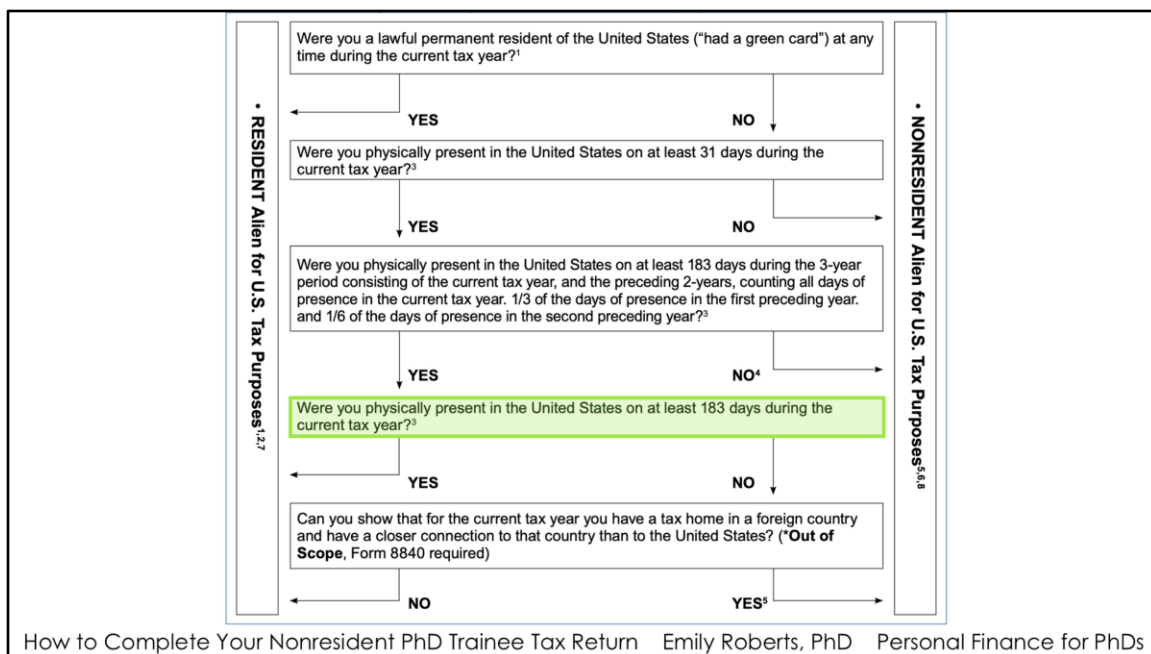
- Are present in the United States for less than 183 days during the year,
- Maintain a tax home in a foreign country during the year, and
- Have a closer connection during the year to one foreign country in which you have a tax home than to the United States...”

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This involves being present in the US for less than 183 days during the year, maintaining a tax home in a foreign country during the year, and having a closer connection during the year to that country or two countries. You can read about the specific requirements of establishing a closer connection in Publication 519 Chapter 1.

One requirement that I want to draw your attention to is that you must maintain a permanent home in that country. Publication 519 specifies: “It does not matter whether your permanent home is a house, an apartment, or a furnished room. It also does not matter whether you rent or own it. It is important, however, that your home be available at all times, continuously, and not solely for short stays.”

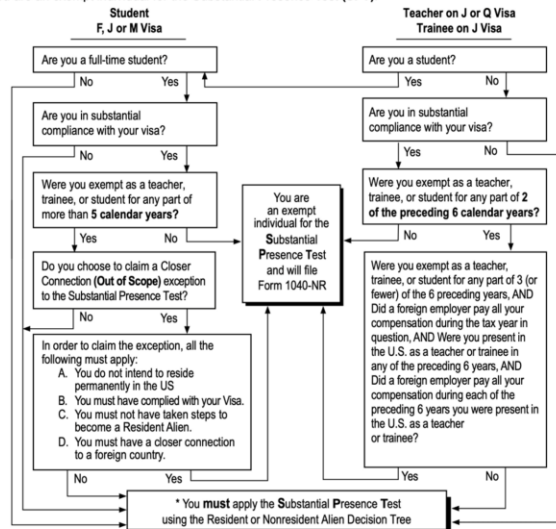
As I said earlier, if you want to claim a closer connection to a foreign country, you must fill out and file Form 8840.



As the flow chart states, you can claim a closer connection and maintain your status as a nonresident only if you were physically present for less than 183 days in 2025; otherwise, you'll be considered a resident.

Substantial Presence Test? - Decision Tree

If you are temporarily present in the United States on an F, J, M, or Q visa, use this chart to determine if you are an exempt individual for the Substantial Presence Test (SPT).



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This flow chart from Publication 4011 summarizes very well the Substantial Presence Test and exempt individuals for students and teachers and trainees. I have included it as a downloadable with this module so that you can fill it out for your individual situation.

Publication 519 Chapter 1:

“If you meet the substantial presence test for a calendar year, your residency starting date is generally the first day you are present in the United States during that calendar year. ”

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Let's say that you pass the SPT in 2025.

“If you meet the SPT for a calendar year, your residency starting date is generally the first day you are present in the US during that calendar year.”

So if you were present in the US on January 1, 2025 and met the SPT in 2025, you are a resident for tax purposes from the beginning of 2025. If you weren't physically present in the US on January 1, 2025, you might have dual status for 2025.

Publication 519 Chapter 1:

“However, you do not have to count up to 10 days of actual presence in the United States if on those days you establish that:

- You had a closer connection to a foreign country than to the United States, and
- Your tax home was in that foreign country. ”

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The word “generally” was used in that last statement because you can elect to exclude 10 days if you are eligible.

Electing to be considered a resident for tax purposes

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Even if you are determined to be a non-resident for tax purposes, you might be able to elect to be considered a resident for tax purposes. There are a few circumstances under which this can happen.

IRS Publication 519 Chapter 1:

“Even if you do not meet either of these tests, you may be able to choose to be treated as a U.S. resident for part of the year.”

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Publication 519 states in Chapter 1:

“Even if you do not meet either of these tests, you may be able to choose to be treated as a U.S. resident for part of the year.”

Tax Treaties



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The tax treaty that the US has with your country of residence can override the rules in this section.

Publication 519 Chapter 1:

“Nonresident alien students from Barbados, Hungary, and Jamaica, as well as trainees from Jamaica, may qualify for an election to be treated as a resident alien for U.S. tax purposes under the U.S. income tax treaties with those countries.”

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For example, if you are a nonresident student from Barbados, Hungary, or Jamaica, you can elect to be treated as a resident for tax purposes by attaching a signed election statement to your return.

First-year choice

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Another way to elect to be considered a resident for tax purposes is to make what is called the first-year choice. The following quotes are from Publication 519 Chapter 1.

Publication 519 Chapter 1:

“If you do not meet either the green card test or the substantial presence test for 2024 or 2025 and you did not choose to be treated as a resident for part of 2024, but you meet the substantial presence test for 2026, you can choose to be treated as a U.S. resident for part of 2025.”

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“If you do not meet either the green card test or the substantial presence test for 2024 or 2025 and you did not choose to be treated as a resident for part of 2024, but you meet the substantial presence test for 2026, you can choose to be treated as a U.S. resident for part of 2025.”

There is a particular test regarding the number and sequence of your days present in the US that will allow this first year choice or not, which you can read about in Publication 519 Chapter 1.

You must file a statement to make the first-year choice, but only after you have met the SPT for 2026.

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To make the first-year choice, you must file a statement with your tax return containing certain information, which is listed in Publication 519 Chapter 1. You can only make this decision after you have met the SPT in 2026. If that hasn't happened by April 15, 2026, you can request an extension on the deadline for filing your return, though you will still have to pay your tax due as a non-resident by April 15, 2026.

Publication 519 Chapter 1:

“If you were a U.S. resident in 2025 but are not a U.S. resident during any part of 2026, you cease to be a U.S. resident on your residency termination date. Your residency termination date is December 31, 2025, unless you qualify for an earlier date...”

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You can also terminate your residency prior to December 31 in the last year of your residency.

Marriage

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Your marriage to a US citizen or resident enables you to choose to be taxed as a resident.

Publication 519 Chapter 1:

“If, at the end of your tax year, you are married and one spouse is a U.S. citizen or a resident alien and the other spouse is a nonresident alien, you can choose to treat the nonresident spouse as a U.S. resident.”

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If you, as a nonresident, are married to a US citizen or resident at the end of the year, you can elect to be considered a resident for tax purposes that year. This applies even if your spouse became a resident during that year. You must file a joint return in that year.

Can I elect to be considered a resident in the absence of any of the prior mechanisms?

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What if one of the prior scenarios does not apply to you, but you want to be considered a resident for tax purposes? Is it possible to make the election? Unfortunately, the answer is no.

[Source: IRS Publication 4152 p. 3-8]

Now that you know your residency status, what is your next step?

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Now that you have determined your residency status, what is your next step with your tax return?

Nonresident:

Continue with this workshop

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If you determined that you are a nonresident, you will file a Form 1040-NR and additional forms. If you are claiming days exempt from the SPT, you will also file a Form 8843.

Resident:

Switch to my workshop for
residents

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If you determined that you are a resident for the entire year, you will file a Form 1040 and possibly additional forms. Please email tax@PFforPhDs.com about possibly switching to one of my other tax return workshops for citizens and residents.

Dual Status:

Use a tax pro

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If you determined that you are dual status in 2025, you must file a Form 1040 and a Form 1040-NR and allocate your income. This is a good reason to hire a professional tax preparer, and this status is not covered any further by this workshop.