

# Resident Alien vs. Non-resident Alien

## *Introduction*

An alien is any person who is not a United States citizen. The Internal Revenue Service (IRS) classifies aliens as either resident Aliens or non-resident Aliens

## *Definition of Resident Alien*

Resident aliens generally are taxed on their worldwide income, similar to U.S. citizens.

To be classified as a resident alien, the individual must meet one of two tests:

### 1. Green Card Test

A non-resident alien is a lawful permanent resident of the U.S. at any time if they have been given the privilege, according to the immigration laws, of residing permanently as an immigrant. This status usually exists if the Bureau of Citizenship and Immigration Services has issued a green card.

## *Definition of Non-resident Alien*

If a person does not meet either the Green Card or Substantial Presence Test, then that person is classified as a non-resident alien.

- A new arrival on a J-1 or F-1 visa is generally a non-resident alien.
- Generally, students (F-1 or J-1 visa status) will not meet the substantial presence test until they have been in the USA for 5 calendar years and visiting teachers/researchers (J-1 visa status) will not meet the substantial presence test until they have been in the USA for 2 calendar years.

\*An NRA can Claim Residency when they file their income tax if they meet this test but UNC does not change their Visa Status from NRA to RA – this is only for tax purposes only and not UNC withholdings.

### • 2. Substantial Presence Test

A non-resident alien is classified as a resident alien for **tax purposes if** they were physically present in the U.S. for 31 days during the current year and 183 days during a three-year period that includes the current year and the two years immediately before that.

Information on the test is available at <http://www.irs.gov/pub/irs-pdf/p519.pdf>

Per IRS guidelines and communication with PERA and TIAA CREF Non Resident Aliens are not to be paying into a retirement program.

