



# H&R BLOCK<sup>®</sup>

## EXPAT TAX SERVICES

Navigating the rules for taxes in the United States can be difficult. H&R Block Expat Tax Services is here to help guide you through some of the more frequent questions you may have concerning U.S. taxes.

Our tax advisors are experts on the unique tax issues you face while working as an Au Pair in the United States. Plus, you will have a dedicated team member who will answer all your questions. You also have a 100% guarantee that your return is filed accurately, or we will fix it for free.

**Under recent tax law changes the filing threshold (the amount you earned in the year) is \$5, which means all Au Pairs will be required to file.** We suggest that they save 10% of each stipend throughout the year towards this.

The following FAQs are intended to address federal taxes and general information about state taxes, but does not address au pair status under other laws such as the Fair Labor Standards.

*Get started with just 3 easy steps.*

- **Submit your online registration**

After registering, you will receive an introduction email from your client relationship professional with an overview of the process and next steps.

- **Complete and submit a brief organizer**

This should take fewer than 10 minutes. You provide your information and stipend amount directly on the form. We then review your completed organizer and prepare your tax return.

- **Review and approve your completed tax return**

You will be notified when your tax return is completed. You'll also receive an invoice. When payment is received, you review the return in your secure online portal and provide your signature approval. We then file the return electronically with the IRS.

### **2020 GENERAL TAX INFORMATION FOR AU PAIRS**

#### ***1. When do au pairs need to file?***

U.S. law requires au pairs who earn more than the filing threshold in stipends during a calendar year to file a U.S. federal tax return. Under new tax law changes the filing threshold is currently \$5. Depending on the state in which you earned the income, you may also be subject to state

tax filing. If you don't file, you risk incurring costly interest and penalties, and it may complicate obtaining a U.S. visa in the future. The tax filing deadline for 2020 is April 15, 2021.

## ***2. Why is it important to file a tax return?***

The laws of the United States require all individuals to file a tax return and report income earned during the calendar year if you earn income over a filing threshold. If you do not file a tax return timely, you could accrue interest and penalties on already owed tax liability amounts, making your out-of-pocket expense even greater.

Furthermore, not filing returns when required could prevent you from obtaining a visa in the future. If you plan to apply for a U.S. visa in the future, or a change of status, you may be required to pay any unpaid tax, along with interest and penalties before you can obtain the visa. Filing your tax return on time prevents any delay you may experience in obtaining a visa and reduces the overall out-of-pocket amounts you would otherwise have to pay

## ***3. Do I need to file a U.S. tax return?***

[The Internal Revenue Service \(IRS\)](#) considers an au pair an employee of the family hosting them. This means that the total amount of your weekly stipends you receive from your host family(ies) is considered taxable as wages. You will need to file a tax return if you earned any stipend income during 2020.

You may also be required to file a state tax return depending on which state you are residing in during your au pair assignment. Each state has different rules and your tax preparer will determine whether a return is required for taxes you owe in your state. Please refer to the additional references section below for a website link to each state's income tax website where you can find additional information on state tax regulations.

## ***4. What date do I need to file my tax return by?***

The federal U.S. tax return reporting stipend income earned during 2020 is required to be filed by April 15, 2021. This is also the date any taxes owed should be paid or you will risk accruing additional interest and penalties until the tax amount is paid.

## ***5. Which tax forms do I need to file?***

Au Pairs on the Department of State's cultural exchange program are present in the U.S. on J-1 visas. Au Pairs present on a J-1 visa are considered nonresidents and usually file a nonresident tax form. However, this does not apply to every situation, and you may have to file a different form, especially if you have been present in the U.S. previously for more than 2 years as a student, trainee, or teacher on an F or J visa. There may also be additional forms if a state return is required. If you are unsure which forms may apply to you, we will be able to evaluate your file to ensure all the proper returns are submitted.

## ***6. How do I determine how much stipend income I made during a calendar year?***

There are a couple of different ways to track the stipend income you receive throughout the calendar year. The best method is to keep a weekly record of the stipend payments you receive from your host family(ies) during the January to December months.

Go Au Pair provides every Au Pair and Host Family with an editable [Hours, Stipend, Vacation and Education Log](#) to track their stipend payments. Go Au Pair strongly recommends keeping this log up-to-date from your arrival to the U.S.

Alternatively, if you are able to have your host family(ies) provide a signed year-to-date pay statement that would work as well.

Lastly, in very few situations a W-2 is received. If you received a W-2, simply let us know in the tax organizer and you do not need to worry about providing us additional information related to your stipends.

### **7. How do I file a U.S. tax return?**

Your options are to either complete and file the return yourself or get the assistance of a trained tax preparer. If you have not previously filed a U.S. return, it is highly recommended to get the help of a tax professional.

H&R Block is the largest preparer of tax returns in the U.S. and their specialty is individual tax preparation. H&R Block Expat Tax Services, a specialty business within the company, offers an easy, affordable, and virtual option for au pairs.

### **8. How much will it cost to file my return with H&R Block Expat Tax Services?**

We are offering a limited time discounted filing fee of \$99 USD for your federal & state tax return. To take advantage of this discount, you simply need to register and return your tax organizer no later than February 28, 2021.

### **9. I attend classes at a local University - other students have talked about receiving a credit on their tax returns for tuition expenses that they pay, does that apply to me?**

While there are available tax benefits for unreimbursed expenses paid to universities, the available credits and deduction are not available to most au pairs. Nonresident taxpayers are unable to claim education related tax benefits, and as the vast majority of au pairs are present on J-1 visas, they will be considered nonresidents for tax purposes.

### **10. Can I claim any other deductions?**

Au pairs who have been in the United States on a J visa for one or two calendar years are not able to claim the standard deduction. There is one deduction that you could potentially claim. If you filed a state return during 2020, you can claim the amount of taxes you paid as a deduction on your federal tax return. This amount would show on your return from last year.

### **11. How much will I owe in taxes?**

The amount you may owe in tax depends on when you arrived in the U.S. and how much you have earned since then. Any stipend amount you receive will be taxed at a 10% tax rate (up to \$9,525 of total stipend income). So, for instance, if you earned \$6,050 in weekly stipends during

2020, the full amount would currently be subject to tax. With a 10% tax rate applied to the \$6,050 you would be liable for roughly \$600 in tax on your U.S. return. There could potentially be more tax owed if you earned more than \$9,525 during the year, or if you owe state taxes.

### ***12. If I owe taxes, how do I pay them?***

There are several different methods you can make payment to the IRS. You can pay by using a check from a U.S. bank account or by money order, or even have a direct withdrawal when you file your return. Alternatively, you can make a payment online using a credit or debit card. For more information on how to make payments, please review the additional information section below.

What do I do if I owe tax but cannot pay all of it at once? Fortunately, the IRS provides you with a few options in this scenario to ensure that you stay in compliance. If you are unable to pay the full amount now, you can enter into an agreement to pay the amount within 120 days with no fee (penalties and interest will still accrue on unpaid amounts, although in a short timeframe these amounts will be rather minimal in amounts.) If you need longer than 120 to pay, you will need to set up a more formal agreement to pay monthly over a fixed period. For the longer agreement a setup fee is charged. To learn more about these options you can refer to the individual payment plan section of this [IRS link](#).

### ***13. For future years, how can I prevent paying all my tax when I file my return?***

You are able to pay upfront tax amounts throughout the year which will help to reduce a larger tax liability at the end of the year. You simply need to submit Form [1040-ES \(NR\)](#) estimated tax payment amounts during the calendar year you are filing for. For instance, amounts submitted during 2021 will be applied to your 2021 tax return. If you end up paying too much, you will receive the excess as a refund. If you pay too little, any additional amounts owed will still be due by the filing deadlines

***Additional Information can be found at***

***<https://www.hrblock.com/expat-tax-preparation/au-pair.html>***

IRS information for au pairs:

**<http://www.irs.gov/Individuals/International-Taxpayers/Au-Pairs>**

Federation of Tax Administrators, *State Tax Forms & Filing Options*:

**<http://www.taxadmin.org/state-tax-forms>**