

1 **GPSA Resolution 8: Resolution Concerning 2014 Tax**
2 **Issues for International Students**

3
4 **Sponsored by: Iian Smythe, Christine “Xine” Yao, Siddarth Chandrasekaran**
5

6 **WHEREAS**, international students at Cornell University (see 1) and other US institutions
7 (see 2, 3) who received a Form 1042-S Foreign Person’s US Source Income Subject to
8 Withholding (see 4 for a description of this form), have had their 2014 Federal Tax Returns
9 partially or wholly withheld by the Internal Revenue Service (IRS),
10

11 **WHEREAS**, affected students have experienced long delays in response from the IRS (see
12 5),
13

14 **WHEREAS**, in February 2016, some students who were owed refunds from the IRS were
15 informed (see 5, 6) that either their refunds were smaller than originally computed on their
16 2014 Federal Tax Returns, or that they owed funds to the IRS, complete with interest and
17 penalty charges (see 6),
18

19 **WHEREAS**, the IRS has requested payment of these amounts by mid-March 2016 from
20 many of the affected students (see 6),
21

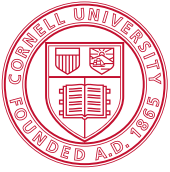
22 **WHEREAS**, the IRS has claimed (see 7) that this discrepancy resulted from the
23 withholding information on the affected students’ returns not matching that on the Form
24 1042-S the IRS received from the withholding agent, in this case, Cornell University,
25

26 **WHEREAS**, Cornell’s Tax Office has acknowledged (see 8) that this “mismatch” resulted
27 from an error in the third-party software, developed by Thomson Reuters, used to send
28 electronic copies of Form 1042-S to the IRS, though other reasons have been reported by
29 other universities (see 2),
30

31 **WHEREAS**, Cornell’s Tax Office has acknowledged (see 9) that the withholding amounts
32 appearing on the copies of Form 1042-S originally received by the affected students are
33 correct,
34

35 **WHEREAS**, Cornell’s Tax Office and International Students and Scholars Office (ISSO)
36 have asserted (see 1) that they stand “behind” the affected students and “will work together
37 to help resolve this issue”,
38

39 **WHEREAS**, Cornell’s ISSO provides tax workshops and software to assist international
40 students in filing their federal tax returns, and has provided information and steps (see 1) to
41 help affected students begin to resolve these issues, services much appreciated by
42 international students,
43



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44 **WHEREAS**, it was not until February 2016 when the relevant agencies at Cornell (see 9)
45 were able to provide affected graduate students with the appropriate steps, 10 months after
46 2014 Federal Tax Returns were due, and 6 months after inquiries were made by students to
47 the ISSO at Cornell (see 10),
48

49 **WHEREAS**, the affected students are expected (see 1, 3, 8, 9) to individually follow up with
50 the IRS and Cornell's Tax Office via phone and mail according to the steps outlined by the
51 ISSO, but the timeline for resolution is unclear and may potentially take months to resolve,
52

53 **WHEREAS**, the GPSA recognizes the "notice from Thomson Reuters indicating that the
54 IRS has agreed to correct the issue caused by the Thomson Reuters software on behalf of
55 Cornell (and other affected institutions)" (see 11),
56

57 **WHEREAS**, Title 26 of US Code, section 6532, allows that the IRS is subject to suit from
58 US taxpayers for frozen refunds after 6 months from the filing date of the original claim,
59

60 **WHEREAS**, many affected students may not even be aware that they were owed a refund
61 by the IRS, and may have made undue payments to the IRS resulting from this error,
62

63 **WHEREAS**, the discrepancy between funds an affected student was owed and the amount
64 the IRS is now claiming owed from the student can be well over \$1000 (see 2, 7), this error
65 can cause undue financial hardship on affected students,
66

67 **WHEREAS**, many of the affected students are graduate and professional students,
68

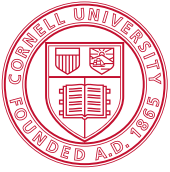
69 **WHEREAS**, the burden of seeking a resolution with the IRS adds to the stress of filing
70 2015 taxes which, for international students, is already a complicated process with steps
71 that vary from year to year, on top of the usual burdens experienced by graduate and
72 professional students in their work as researchers and teachers,
73

74 **BE IT RESOLVED THAT**, Cornell University, and its agents within the Graduate School,
75 ISSO, and Tax Office, be vigilant in their support of and advocacy on behalf of graduate and
76 professional students, including those affected by the aforementioned situation,
77

78 **BE IT FURTHER RESOLVED THAT**, Cornell University make available, through the
79 ISSO, Bursar Office, or other agents, loans for affected students who may be going through
80 financial hardships due to the unnecessary withholding of tax refunds,
81

82 **BE IT FURTHER RESOLVED THAT**, going forward, Cornell University make available
83 Form 1042-S to the relevant taxpayers earlier than the current mailing date of March 15, to
84 assist in simplifying and relaxing the tax filing process,
85

86 **BE IT FURTHER RESOLVED THAT**, going forward, Cornell University investigates the
87 possibility of having a tax advocate, such as a CPA or tax lawyer, who is capable of legally



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88 representing students in front of the IRS, available in event of similar systemic issues of tax
89 withholding affecting a large number of members of the Cornell community,
90

91 **BE IT FURTHER RESOLVED THAT**, Cornell University, via the aforementioned
92 agents, be responsible for notifying and following up with affected students, and seeking out
93 those who have yet to seek assistance from the Tax Office, including those possibly no
94 longer enrolled,
95

96 **BE IT FURTHER RESOLVED THAT**, Cornell University ensure such a situation does
97 not occur again by taking such measures as investigating the root causes of the issues, and
98 thoroughly vetting third-party software going forward,
99

100 **BE IT FURTHER RESOLVED THAT**, Cornell University work with the relevant federal
101 agencies and representatives, including but not limited to the IRS, Congressman Tom Reed
102 (NY-23), and Senators Charles Schumer and Kirsten Gillibrand (NY), towards a speedy
103 resolution of these issues,
104

105 **BE IT FINALLY RESOLVED THAT**, though the affected students can be expected to
106 make reasonable efforts towards resolving the situation, the ultimate responsibility of
107 resolving these issues and returning the duly owed funds to those affected lies not upon said
108 students, but rather on the institutions which have contributed to the error, which may
109 include but need not be limited to the IRS, Thomson Reuters, and Cornell University.
110

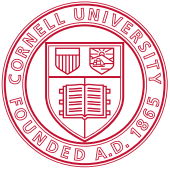
111 **RESPECTFULLY SUBMITTED**,

112
113 **Iian Smythe**
114 *GPSA Field Representative for Mathematics*
115

116 **Christine “Xine” Yao**
117 *GPSA Voting Member for the Humanities*
118

119 ATTACHED LINKS AND DOCUMENTATION:
120
121

- 122 1. <http://isso.cornell.edu/financial/taxes/2014-tax-problems>
- 123 2. <https://academeblog.org/2016/03/07/tax-trouble-for-international-graduate-employees-across-us-campuses/>
- 124 3. [http://www.nacubo.org/Business and Policy Areas/Tax/Tax News/IRS Notices Cause Tax Woes for Thousands of Foreign Students.html](http://www.nacubo.org/Business%20and%20Policy%20Areas/Tax/Tax%20News/IRS%20Notices%20Cause%20Tax%20Woes%20for%20Thousands%20of%20Foreign%20Students.html)
- 125 4. <https://www.dfa.cornell.edu/tax/taxreporting/1042s>
- 126 5. February 26 email from Dean Knuth:
127 <https://drive.google.com/file/d/oB7DwvY87TOUwUTVjaGduUIBtRGc/view?usp=sharing>
128
129
130



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- 131 6. February 22 notice CP22A to Iian Smythe (partially redacted):
132 <https://drive.google.com/file/d/oB7DwvY87TOUwVo5XSoxqc2lMU1E/view?usp=sharing>
133
134 7. February 17 letter 5532C to Iian Smythe (partially redacted):
135 <https://drive.google.com/file/d/oB7DwvY87TOUwNVZoczkhajhodjQ/view?usp=sharing>
136
137 8. February 26 email from Bill Allen:
138 <https://drive.google.com/file/d/oB7DwvY87TOUwTowoQmpUc3l3N2M/view?usp=sharing>
139
140 9. March 4 letter from Lori Kanelis to Iian Smythe (partially redacted):
141 <https://drive.google.com/file/d/oB7DwvY87TOUwVWYhrYTBzYo1ieFU/view?usp=sharing>
142
143 10. August 17 email from Iian Smythe to ISSO:
144 <https://drive.google.com/file/d/oB7DwvY87TOUwamLYMXEwWUdZNVE/view?usp=sharing>
145