FAQ Hiring International Students

Q: Does an employer have to take taxes out of an international student’s pay?

A: International students on F, J, M, O, visas do not pay social security taxes or Medicare taxes on their income as long as they have accumulated less than 5 years of physical presence in the U.S. during their lifetime.

   The 183 day rule for being treated as a resident does not apply as long as you do not intend to stay or do not stay longer than 1 year. So in this situation you would be exempt from taxes on capital gains unless you were to be here 1 year or more, and be taxed as a non-resident otherwise. AND again, as long as you have not accumulated 5 years, you do not have to pay SS and MC taxes.

   However, you will still have to pay state and federal taxes for employment income and for income affectively connected with US sources or business activities.

Read more: http://www.justanswer.com/tax/1jw5l-international-student-pay-tax-us-government.html#ixzz1yXEQOFYT

More resources:

IRS pub 515 – employer

IRS pub 519 - employee