

Graduate Tuition Waiver Taxation

All Graduate tuition and fee waivers are taxable unless exempt under the Internal Revenue Code. Under the University's Educational Assistance Plan that is following Internal Revenue Code (IRC) §127, up to \$5,250 per calendar year in tuition waivers associated with General Assistantships (GAs) are excluded from taxable income. Teaching and Research Assistantship positions are not subject to tuition waiver taxation. If the amount of the tuition waiver for a general assistant exceeds \$5,250 in a calendar year, the University is required to report the excess (any amount over \$5,250) as income per the Internal Revenue Service and tax accordingly.

How is the taxable tuition waiver amount calculated?

First, taxation is broken into three periods each calendar year:

Spring	1/1/xx to 5/15/xx (SM01 – SM09) 9 pay periods
Summer	5/16/xx to 8/15/xx (SM10 – SM15) 6 pay periods
Fall	8/16/xx to 12/31/xx (SM16 – SM24) 9 pay periods.

Then, before each pay period, the following calculation is made by the system:

Total Tuition Waiver Received during Calendar Year minus \$5,250 equals Taxable Tuition Waiver Amount

Taxable Tuition Waiver Amount minus Previously Taxed Tuition Waiver Amount equals Untaxed Tuition Waiver

Untaxed Tuition Waiver divided by Pay Periods Remaining in Current Semester equals Reported Excess Tuition Waiver

Example

Total Tuition Waiver Received during Calendar Year	\$8,750.00
Previously Taxed Tuition Waiver Amount	\$1,000.00
Current Pay Period	SM16
Taxable Tuition Waiver Amount	= \$8,750 - \$5,250 = \$3,500
Untaxed Tuition Waiver	= \$3,500 - \$1,000 = \$2,500

Reported Excess Tuition Waiver

$$= \$2,500 \div 9 = \$277.78$$

How much tax is withheld?

If you hold a Graduate Assistantship, the value of the reported excess tuition waiver will have a tax withholding the same rate as your applicable federal W-4 and state tax withholding.

Why do TAs and RAs not get taxed?

Section §117 of the IRC exempts tuition waivers for Graduate Assistants who perform teaching or research activities. The University considers a Teaching Assistant or Research Assistant as a graduate student who is involved; 50% or more of their position; in the following teaching or research activities:

TEACHING: For University tax purposes, teaching activities may include, but are not limited to, the following: providing or coordinating classroom instruction, including lab or discussion sessions; tutoring students; grading tests and assignments; developing instructional materials; providing artistic instruction; accompanying/coaching musical or vocal performances; and proctoring exams.

RESEARCH: For University tax purposes, research activities may include, but are not limited to, the following examples of applying and mastering research concepts, practices, or methods of scholarship: conducting experiments; organizing or analyzing data; presenting findings; collaborating with others in preparing publications; and conducting institutional research for an academic or administrative unit.

Who should I contact with questions?

If you have questions about how the amount was computed, please first review the waivers posted to your student account for the calendar year via [CougarNet](#). For additional questions about waivers applied to your account, please contact the Office of Student Financial Aid at (618) 650-3880. If you have questions about your taxable waiver amount or payroll taxes, please contact Payroll in the Office of Human Resources at (618) 650-2190. For questions about your Graduate Assistantship, please speak with your department or the Graduate School Office at (618) 650-3010.