

Graduate Remission Frequently Asked Questions

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What types of Tuition Remission are a taxable benefit?

The IRS requires that all graduate level Tuition Remission benefits be fully taxable for spouses of our employees. IRS regulations do allow for a tax exempt threshold of \$5,250 per calendar year for our employees in their own graduate course work. Any graduate remission received by an employee beyond the \$5,250 becomes a taxable benefit during that calendar year.

When does the tax impact occur?

The tax impact takes place at the time remission is applied to your student account. For this reason, we will hold spring graduate remission requests until after January 1 each year to ensure that your tax impact falls within the tax year in which you are taking the classes.

Is it at the University's discretion to take out taxes?

No, we are obligated to withhold taxes on this benefit. It is not optional.

How do I find out how much remission has been received during a tax year?

You are encouraged to track your own tuition remission through student accounts. Use the Banner Self-Serve function through Pilots UP (same place you can find your electronic paystub). You will want to select the "student" tab then go to "student records" and then "account summary" and finally select the term you are checking.

How and when will the taxes be taken out?

Any taxable remission will be divided over the remaining pay periods in the calendar year starting with pay period after the drop add-period in which you or your spouse earns taxable remission. The tax on that taxable remission will be calculated by payroll and deducted from your paycheck. If you terminate employment before the end of the calendar year, all of the remaining taxable remission will be taxed on your final paycheck (note that if you terminate before the end of the calendar year you may owe money to the University if your final check does not cover the entire tax liability).

When will my Tuition Remission be applied to my student account?

Typically the remission will be applied within 1 week of your request. The exception will be for Spring Semester each year. In order to apply the remission benefit in the correct tax year, we will hold all graduate level remission requests to be processed the first day of work in January.

Where can I go for questions on the Tuition Remission Policy?

Please go to the [HR website](#) to review the [summary on Tuition Remission](#) and request remission each semester using the on-line tools provided.

Can my remission qualify as tax free if it relates to my current or future job?

Unfortunately the answer is "no". For Universities granting this so-called "working condition fringe benefit", it is a necessary but it is not a sufficient condition to have an IRS Section 127 plan in place. UP does not have an IRS Section 127 plan.

Where can I go for questions on tax withholding?

The best place to go is either to <http://www.irs.gov> or contact a tax accountant. Each taxpayer should seek advice from their own independent tax adviser, based on the taxpayer's particular circumstances. If you would like to see some sample examples on how to estimate your tax liability for the year as you plan your course load, please see [our example](#).