

Tuition Remission & Your Taxes

The Tuition Remission value for graduate level classes is considered to be additional taxable earnings to you by the Internal Revenue Service. Taxation does not apply to undergraduate courses.

Employees are exempt from \$5,250 each calendar year. Employees must pay tax on all graduate level Tuition Remission which their spouse receives. The tax is deducted from employee paychecks according to the following schedule:

Semester	Months of Taxation
Spring	February through May
Summer	June through August
Fall	September through December

Example – Employee taking Graduate Level Classes

Jennifer is taking 12 hours of graduate level classes in the Fall semester 2018. She has already taken 12 hours of graduate level classes in the Spring semester 2018. Her total Tuition Remission benefit for Spring 2018 was \$3,218 and for Fall 2018 is another \$3,218 (\$6,436 for calendar year 2018).

After deducting the \$5,250 exemption, \$1,186 remains to be taxed during the Fall semester months of September, October, November and December. Jennifer is paid semi-monthly, and the total taxable amount is divided equally over the pay periods.

\$148.25 is the additional amount that will be added as taxable income to Jennifer's paycheck each pay period (\$1,186/8 pay periods). She will see a notation on her Pay Statement in the Federally Taxable Benefits section. The line is titled "Graduate Fee Waiver Taxable" and shows the amount that is being taxed. This is not the amount that is deducted from her paycheck! The taxes deducted are part of the "Taxes" in the Benefits, Deductions and Taxes section. They are not shown on a separate line. See the example paycheck at the bottom of this document.

Example 2 – Spouse of employee taking 9 credit hours in the Spring semester

Jason’s spouse is taking 3 graduate level classes in the Spring semester 2018. The total Tuition Remission for Spring 2018 is \$2,438. There is no annual exemption for spousal Tuition Remission. Therefore, the entire \$2,438 is taxable during the Spring semester months of February, March, April and May.

\$304.75 is the additional amount that will be added as taxable income to Jason’s paycheck each pay period ($\$2,438/8$). He will see a notation on his Pay Statement in the Federally Taxable Benefits section. The line is titled “Graduate Fee Waiver Taxable” and shows the amount that is being taxed. This is not the amount that is deducted from his paycheck! The taxes deducted are part of the “Taxes” in the Benefits, Deductions and Taxes section. They are not shown on a separate line.

Pay Statement Example

Benefits, Deductions and Taxes

Benefits and Deductions	Employee	Employee YTD	Employer	Employer YTD	Applicable Gross	Applicable Gross YTD
Deductions before Federal Tax						
BeWell Premium Discount	\$0.00	\$0.00	\$0.00	\$0.00	\$2,172.98	\$18,999.02
Dental Pre-Tax	\$0.00	\$0.00	\$0.00	\$0.00	\$2,172.98	\$18,999.02
Gap Pre-Tax	\$0.00	\$0.00	\$0.00	\$0.00	\$2,172.98	\$18,999.02
Health Plan Pre-Tax POS	\$0.00	\$0.00	\$0.00	\$0.00	\$2,172.98	\$18,999.02
Parking Decal	\$20.00	\$40.00	\$0.00	\$0.00	\$2,172.98	\$3,547.98
TIAACREF Required 6% Pre-Tax	\$96.78	\$921.78	\$161.30	\$1,536.30	\$1,612.97	\$15,362.97
Vision Pre-Tax	\$0.00	\$0.00	\$0.00	\$0.00	\$2,172.98	\$6,297.98
Taxes						
Arkansas State Income Tax	\$86.58	\$727.48	\$0.00	\$0.00	\$2,059.57	\$18,054.96
Arkansas Unemployment	\$0.00	\$0.00	\$0.00	\$0.00	\$1,612.97	\$15,362.97
Federal Income Tax	\$152.77	\$1,098.12	\$0.00	\$0.00	\$2,059.57	\$18,054.96
FICA Medical	\$31.26	\$275.16	\$31.26	\$275.16	\$2,156.35	\$18,976.74
FICA OLD AGE	\$133.70	\$1,176.56	\$133.70	\$1,176.56	\$2,156.35	\$18,976.74
Medicare High Earnings	\$0.00	\$0.00	\$0.00	\$0.00	\$2,156.35	\$18,976.74
Deductions after Federal Tax						
Long-Term Dis Taxable Premium	\$0.00	\$0.00			\$1,612.97	\$8,487.97
UCA Employer Paid Life Ins	\$0.00	\$0.00	\$2.21	\$13.26	\$1,612.97	\$8,487.97
Worker's Compensation	\$0.00	\$0.00	\$2.90	\$15.30	\$1,612.97	\$15,362.97
Total:	\$521.09	\$4,239.10	\$334.74	\$3,034.30		

Federally Taxable Benefits

Benefit	Amount	YTD Amount
Graduate Fee Waiver Taxable	\$560.01	\$3,636.05
Imputed Tax	\$0.00	\$0.00
Long-Term Dis Taxable Premium	\$3.37	\$17.72

UNIVERSITY OF CENTRAL ARKANSAS

Due Dates: Fall Tuition – August 31

FACULTY AND STAFF TUITION AND FEE WAIVER (**GRADUATE**)

Spring Tuition – January 15

Submit by Due Date indicated to Human Resources, Wingo 106

May Intersession/Summer Tuition – May 1

To ensure timely processing, submit application according to due dates outlined above. The student should be pre-enrolled when application is submitted. The total aid provided by this discount when combined with total general registration and mandatory fee aid provided by any other university-sponsored tuition scholarships or other university waiver, fee reduction, or discount shall not exceed 100% of general registration and mandatory fees.

Employee Name: _____ Employee ID # _____ Date Hired: _____

This application is for: (Check One)

____ Employee: **Attach academic schedule as well as work schedule.** Student ID# _____

____ *Employee's Spouse: Name: _____ Student ID# _____

For: (enter term here) _____ semester of (enter year here) _____ (Applicant must turn in a separate form for each term.)

***For spouse tuition and fee waiver, EVERY TERM please provide a copy of the front page of your most current Federal Tax Return (income information may be suppressed).**

The tuition and fee waiver value for graduate level classes is considered to be additional taxable earnings to you by the Internal Revenue Service. Employees are exempt from \$5,250 each calendar year. Any tuition and fee waiver amount over \$5,250 for the calendar year will be taxed.

*Employees **must pay taxes on all graduate level tuition and fee waiver amounts their spouse receives**. The tax is deducted from employee paychecks in the same term the waiver is granted.

I understand that I will be taxed on all of the graduate tuition and fee waiver amount for my spouse and may be taxed on a portion of the graduate tuition and fee waiver amount for me. I understand that under federal regulations this is a taxable benefit and will be taxed accordingly.

I understand that if I separate from the University I am obligated to pay the pro-rata portion of the tuition remission represented by the remaining part of the semester following my separation. I further understand that if my spouse receiving fee remission moves from a dependent or eligible status during a term, I am required to notify the Office of Human Resources and will be required to pay a pro-rata portion of the fee represented by the remaining part of the semester following that change.

Employee Signature: _____ Date: _____

Department Head Approval: _____ Date: _____

(Department Head Approval Not Required for Spouse/Child Application)