TAX CHART – USM TUITION REMISSION

Eligibility for tuition benefits must be determined under USM-Board of Regents Policies VII-4.10 and VII-4.20. This chart provides a general overview of the taxability of various types of tuition remission. It does not constitute tax advice. Each employee or recipient of tuition remission is strongly encouraged to discuss all questions related to tax liability with his or her accountant or tax advisor.

Who is the Student?	Undergrad	Taxable	Special Notes
	or	or	
	Graduate?	Not Taxable	
	Graduates	for federal	
		income tax	
1. Craduata Chudant wha is a Tasahina Assistant ar	Citle ou	purposes	
Graduate Student who is a Teaching Assistant or Research Assistant	Either	Not Taxable	
Employee (does not include Retiree)	Graduate	Not Taxable	MUST qualify as a working
2. Employee (does not include ketiree)	(work related)	NOLTAXABLE	condition fringe benefit.
	(WOIK related)		Cannot help employee to meet
			minimum qualifications for the
			job or qualify employee for a
			new trade or business.
3. Employee/Retiree	Graduate (not	First \$5,250 is	
, , .	work related)	Not-Taxable.	
		Any amount	
		over \$5,250 is	
		TAXABLE	
4. Spouse, Widow/er, or Child of Employee/Retiree*	Graduate	TAXABLE	
5. Spouse (legally recognized under federal law) or	Undergraduate	Not-Taxable	Federal law determines the
widow/er (whose marriage to Employee/Retiree* was			federal tax treatment of tuition
legally recognized under federal law)			benefits for spouses.
6. Federal tax dependent who is Employee's/Retiree's*:	Undergraduate	Not-Taxable	Employee/Retiree must claim
 Spouse (recognized by MD law but not federal law, 			the student as a dependent on
such as a same sex spouse)			the employee's federal tax
Son/Daughter			return for the year in which
 Stepson/Stepdaughter 			tuition remission is granted.
Legally adopted Son/Daughter			
7. Employee's/ Retiree's*:	Undergraduate	Not-Taxable	Divorced/separated spouse
• Son/Daughter			must claim the student as a
 Stepson/Stepdaughter 			dependent on his/her federal
 Legally adopted Son/Daughter 			tax return for the year in which
If Employee/Retiree is divorced/separated from child's			tuition remission is granted to
other parent who claims child as a tax dependent			the employee/retiree.
8. Employee's/Retiree's*:	Either	TAXABLE	ALL tuition remission for a child
Spouse (recognized by MD law but not federal law,			of any age who is not claimed
such as a same sex spouse), or			as the tax dependent of the
Son/Daughter; Stepson/Stepdaughter; or Legally advantad Son/Daughter; if student is NOT described in			employee/retiree is taxable, except for a child of divorced or
adopted Son/Daughter if student is NOT described in			separated parents, described in
any of the preceding categories			row 7. All tuition waiver for a
Who is NOT A TAX DEPENDENT of Employee/Retiree for year benefits are received			same sex spouse who is not
ioi yeai belielits ale letelveu			employee/retiree's tax
			dependent is taxable.

^{*} Includes a deceased employee or deceased retiree