

Graduate Tuition Benefit Taxation Process

As stated in the University System of New Hampshire (USNH) Personnel Policy USY.V.A.4.7.6, USNH must comply with federal and state laws regarding taxation of Tuition Benefits.

Each educational institution of the University System reports graduate tuition information to the USNH Human Resources office after registration plus thirty days, which is typically after the add/drop period for students has passed.

Tax Withholding

Federal income tax withholding is calculated on all taxable income in the payroll check and is based on the employee's IRS Form W-4 on file at USNH and the federal tax rates. FICA OASDI taxes will be withheld at 6.2% and the FICA Medicare taxes will be withheld at 1.45%. The state income tax withholding is calculated on all taxable income in the payroll check and is based on the employee's residential state tax rates and the state income tax withholding on file at USNH.

Taxation Schedule

Term	Taxation Period *
Winter	March and April
Spring	May and June
Summer	September and October
Fall	November and December

*Taxation Period subject to change for employees paid during the Academic Year and late Tuition Benefit Form transactions/Registrations

Employees:

In compliance with the Internal Revenue Code §127, up to \$5,250 per calendar year in tuition benefits associated with graduate level courses taken by employees are excluded from taxable income. If the amount of the graduate tuition benefit exceeds \$5,250 in a calendar year, USNH is required to report and tax the amount over \$5,250 as income and withhold the federal, state and social security (FICA) taxes through the employee's payroll check. This is processed over four consecutive pay checks during a two month period.

Dependents and Spouses:

All tuition benefits associated with graduate level courses taken by a dependent and/or spouse are taxable income, and USNH is required to report as taxable earnings and withhold federal, state and social security (FICA) taxes through the employee's payroll check. This is processed over four consecutive pay checks during a two month period.

WISE

You can view the Tuition Benefit information on your pay stub in WISE. Go to the Pay Stub Information section then select the applicable pay stub. The per pay period amount and year-to-date amount will be listed under the Federal Taxable Benefits section as 940-NonCash Tuition Earnings.