

Payments Made to Graduate Students Federal and NYS Tax Treatment

Type of Payment	Tax Document Issued by the University*	Federal and State of NY Income Tax Withholding (4)	Social Security & Medicare (FICA) Tax Withholding (5)	Tax Treatment to Student
Merit-Based Scholarships	1098-T	No	No	Not Taxable (1)
Tuition Remission	1098-T	No	No	Not Taxable (1)
Graduate Assistant Wages	Form W-2	Yes	No	Taxable (2, 4, 5)
Graduate Teaching Assistant Salary	Form W-2	Yes	No	Taxable (2, 4, 5)
Graduate Research Assistant Stipend	Form 1099-MISC	No	No	Taxable (3, 6)
Other Stipends	Form 1099-MISC	No	No	Taxable (6)
Student Wages – Academic Year	Form W-2	Yes	No	Taxable (4, 5)
Other Student Wages – Summer	Form W-2	Yes	Yes	Taxable (4, 5)
Prizes & Awards	Form 1099-MISC	No	No	Taxable (6)

* This information is intended only for graduate students who are U.S. Citizens and U.S. Permanent Residents. Although the information contained in this web site is designed to offer general tax information, it is not a substitute for advice obtained from the Internal Revenue Service, NYS Department of Taxation & Finance and/or a qualified tax professional. This information is subject to change or further interpretation by the Internal Revenue Service or other tax authorities. International students and other non-resident aliens should contact the Non-Resident Alien Reporting Specialist in the Payroll Office at 585-475-5984 with questions regarding the tax treatment of various payments.

1. Under federal tax law, a scholarship or fellowship provided to a student in a degree granting program is generally taxable. However, if you are a candidate for a degree, you can exclude from taxable income that part of the scholarship/fellowship used to pay the costs of tuition, required fees, books, equipment and supplies (required fees, books, equipment and supplies are limited to those specifically required of all students in a course). You cannot exclude from taxable income any part of the grant used for other purposes, such as room and board. Refer to [IRS Publication 970, Tax Benefits for Higher Education](#), Section 1, *Scholarship, Fellowships, Grants and Tuition Reductions*, the IRS tax guide for students, [Taxable Income for Students](#).
2. Payments made to Graduate Teaching Assistants and other Graduate Assistants for services rendered to the University in connection with a graduate assistantship appointment are taxable to the recipient; applicable taxes are withheld at the time the payment is made through the regular payroll process. The University will provide you with a Federal and State Form W-2 – you are required to report the amounts on your individual income tax return.
3. Payments made to Graduate Research Assistants are taxable to the recipient; however, since an employment relationship does not exist between the University and the GRA, no taxes are withheld at the time the payment is made through the accounts payable process. The University will provide you with a Federal and State Form 1099 – you are required to report the amounts on your individual income tax return.
4. **Federal Income Tax (FIT):** Federal income tax is withheld at a graduated rate based on your [Form W-4](#) filed with the Payroll Office. In addition to the Form W-4 instructions, the IRS provides a [withholding calculator tool](#) in order to ensure that you do not have too much or too little federal income tax withheld.

State Income Tax (SIT): State of NY income tax withholding is based on your [Form NY IT-2104](#) filed with the Payroll Office. Please refer to the instructions to the form for guidance with respect to completing this form.

5. **Social Security and Medicare (FICA) Tax:** FICA tax is withheld at a combined tax rate of 7.65% (6.2% social security and 1.45% Medicare) subject to certain thresholds. Payments for services performed by an undergraduate or graduate school student who is enrolled at the University for at least 11 ¾ hours during the academic quarter are generally exempt from FICA tax. Students working during the summer quarter who are not registered for classes (but will be taking classes in the fall) are subject to FICA tax withholdings.
6. **Estimated Tax Payments:** You may be required to make federal and/or state quarterly estimated income tax payments when you receive taxable income not subject to withholding. Refer to the [IRS web site](#) and the [NYS Department of Taxation & Finance](#) web site for information about making estimated tax payments.