

## **Taxability of tuition waivers associated with assistantships and fellowships.**

All Graduate tuition and fee waivers are considered taxable income unless exempt under the Internal Revenue Code. Current tax law exempts the tuition and service fee waivers for teaching assistantships (TAs), research assistantships (RAs), and most fellowships.

For graduate assistantship (GA) and pre-professional graduate assistantship (PGA) appointments, only \$5,250 per calendar year is exempt. If the amount of the tuition and service fee waiver exceeds \$5,250, the excess is deemed income under the IRC and additional withholding may be applied. **Most Library assistantships are considered to be in the second category.**

Each semester, GAs and PGAs whose tuition and service fee waivers to date are valued at more than \$5,250 will have withholding on the amount exceeding \$5,250. The withholding tax is applied to the student's earnings (stipend or hourly pay).

Notification will be sent each semester to each employee that will be subject to the withholding advising them of the specific pay periods when the transactions will occur.

For more information, students may contact the University Payroll Service Center at [paying@uillinois.edu](mailto:paying@uillinois.edu) or the Academic Human Resources Office at 217-333-6747 or the IRS Publication 970 [www.irs.gov/pub/irs-pdf/p970.pdf](http://www.irs.gov/pub/irs-pdf/p970.pdf), chapters 12 and 13.