

Income Tax Information for Graduate Students with Stipend Support

Students receiving stipend support will not have income taxes withheld from their stipend payments. The exception to this is some international students depending on their home country's tax treaty with the United States. International students may be contacted to meet with Andrew Rider concerning tax withholding. Stipend students that want to have taxes withheld, but that are not required to, should also contact Andrew Rider.

Stipend support is considered taxable income. Any stipend funds used for living expenses is taxable. This would apply to all or the majority of your stipend support as your tuition is funded by a combination of a Dean's Scholarship and payments by the College or a MUSC Department.

You will receive a 1098-T from Student Accounting at the end of January. This 1098-T is how your stipend and any scholarships are reported to the IRS. The 1098-T reports tuition billed as well as any stipend support received, tuition scholarships/payments/waivers or any other non-tuition type scholarships. The block that reports your stipend also includes your scholarships. Tuition scholarships/payments/waivers made in your behalf are currently not considered taxable income.

It is suggested that you consult a professional tax preparer concerning the taxability of your stipend. You can refer to IRS Publication 970 for information relating to scholarships and stipend support. Page 7 of the 2008 Publication 970 is where you can find the statement concerning tuition scholarships not being taxable. Students are finding it difficult to use a program such as TurboTax when entering 1098-T data that includes tuition scholarships.

You are also advised to either save some funds back to cover a tax liability due to no tax withholding for stipends or to make quarterly payments to the IRS. You can find a form to submit when mailing quarterly payments at the irs.gov website.

Graduate students receiving their support via payroll will have income taxes deducted from their checks. These students are considered "graduate assistants" for reporting purposes. Currently State and Federal income taxes will be withheld, but not FICA and Medicare taxes. The FICA and Medicare withholding exemptions are subject to change based on federal tax code changes. Payroll supported students will receive a W-2 from Payroll and a 1098-T from Student Accounting.

1098-Ts and W-2s are made available electronically by the end of January for the previous year. Instructions will be provided to you via your MUSC email account.

Stipend or salary support is usually determined by the source of funds paying your stipend or salary. Some grants require payroll support and many training grants require stipend support. Most non-grant funded support is provided via stipend and not payroll.

If you are receiving stipend support from the Dean's Office, you may find that when your support transfers to your research mentor that you will be moved to payroll support. You may also find that once on payroll, you are again moved to stipend if you receive your own individual training grant or a research grant lapses.

The above information is not considered as official income tax information as tax codes can change during the year.

Please contact Karla Locklear, Business Manager, College of Graduate Studies, for any questions concerning financial matters.