

Tax Obligation

The value of the tuition remission benefit may be taxable at the federal and/or state level. A number of factors determine tax withholdings, including the type of degree being pursued and whether the benefit is used for the employee or the employee's dependent(s). We recommend that you consult with a tax advisor to determine the impact on your income and plan accordingly for any additional tax withholding before financially committing to your program.

Undergraduate Benefit

Undergraduate tuition benefits are generally exempt from tax withholdings (i.e. federal, state, Medicare and social security) for employees and their dependents (exceptions are noted below).

Undergraduate tuition remission benefits are subject to federal tax withholding when utilized for:

1. a same sex spouse (if residing in a state that does not currently recognize same sex marriage);
2. a domestic partner; and
3. the children and tax dependents of (1) or (2).
4. An undergraduate course taken by the employee while enrolled in a graduate or doctoral degree program.

Graduate and Doctoral Benefit

Employee

The IRS allows up to \$5,250 for graduate-level courses to be tax exempt per calendar year.¹ Tuition remission benefits received in excess of \$5,250 are included in gross wages and are taxable (i.e. Federal, State, Social Security and Medicare taxes).

If the course is job related, employees can submit a graduate course certification to request tax exemption. Each course is evaluated for tax exemption on an individual basis. Please visit page 14 for more information or visit the [Benefits website](#).

Spouse/Domestic Partner/Child Dependent²

The tuition remission benefit amount is considered taxable income when it's used for graduate-level courses taken by an employee's spouse/domestic partner and/or dependent child² and for doctoral-level courses taken by an employee's spouse/domestic partner.

The full amount of the tuition remission benefit is included in the employee's gross wages and is subject to tax withholding. The amount of withholdings is based on the benefit amount received within the given semester.

Taxable Benefit and Unpaid Leave

Active employees who are on unpaid leave and receiving taxable tuition remission benefits are required to make payment arrangements by contacting Benefits at (571) 553-8249 or tuition@gwu.edu.

How Are Taxes Withheld From My Paycheck

Taxes are withheld from the employee's paycheck during the same semester in which the course(s) is taken. The actual amount withheld from each paycheck may vary.

We recommend that you consult with a tax advisor to determine the impact on your income and plan accordingly for any additional tax withholding before financially committing to your program.

If the appropriate tax withholdings are not made, it is the employee's responsibility to contact Benefits at (571) 553-8382 or tuition@gwu.edu.

¹ Not applicable to spouse/domestic partner or dependent child tuition remission benefits for graduate- or doctoral-level programs.

² Child dependents are not eligible for doctoral programs. Please refer to page 6 for details.