

Taxes, Academic Employment and Education Credits

As of July 5, 2011:

The final figures regarding tuition assistance for fall 2011 and spring 2012 are currently not available, as the Texas Legislature has not approved the university's budget at this time. Please check back, as we will post the correct information as soon as it is available.

Taxes & Tuition Remission for GRAs

The tuition coverage that graduate research assistants (GRAs) may receive by virtue of their appointment is treated as **taxable income**, regardless of funding source of the sponsored project. The University collects this money for the IRS. At approximately the middle of each semester that the GRA appointment is held, the student will receive a tax bill that is due within 10 days in order to avoid a financial bar. Interest does not accrue if the bill is not paid, but a major consequence of the bar is that the student cannot register for classes the following semester. If it's the student's graduating semester, the student may not graduate until the bill is paid.

A majority of students are taxed at 15%-17%. Using this model in a 2010-2011 long semester, based on \$4,371/semester of resident tuition in the College of Engineering, you should expect a bill of approximately \$660 in fall and spring.

For your reference please review the [frequently asked questions](#) from the [Office of Accounting](#), the [Pre-Award Handbook](#) and this instructive [PDF presentation](#) (from the 2008 school year) on the subject, with lots of useful links (originating from [this page](#).)

Taxes & Tuition Assistance for Teaching Assistants

Tuition Assistance is also considered **taxable income** since you are performing duties for the tuition coverage. It does **NOT** cover 100% of tuition (it covers approximately 85%.) In 2010-2011, for a 20 hr/wk TA, the total is \$3,784/long semester (\$1,415 in summers) and it is paid out in two installments.

When your TA appointment is created by the department – **which is normally only right before the semester begins** – 75% of this amount is applied to reduce your tuition bill. 25% is withheld for 2 - 4 weeks to calculate the taxes that you owe on the Tuition Assistance. The amount **not** withheld for taxes is

electronically deposited into your bank account. **You are responsible for any balance by the 4th class day: Friday, August 30.** Like that for GRAs, you should claim [educational tax credits](#) to receive your refund.

Sample tuition bill for Fall 2010

Non-residents & international students must first claim their [tuition waiver](#).

\$4,371	9 hours resident tuition in College of Communication
-\$2,838	75% of Tuition Assistance (100% is \$3,784)

\$1,533 Initial responsibility, which must be **paid by Aug. 30**
Offer students see below.

The remaining 25% of tuition assistance is **\$946**. Tax withholding will be subtracted from this and the remaining amount will be deposited into your bank account. Again, please refer to the aforementioned [PDF](#) (specifically pages 7 and 8) for details. Their example uses a 10% tax bracket but yours may be 15% or a bit higher.

Education Credits

US Citizens & Permanent Residents

These students are refunded most of all this money by taking advantage of [education tax credits](#) (namely the Hope tax credit and Lifetime Learning tax credit) when they file their federal tax returns. The Lifetime Learning credit is 20% of the tuition amount. In principle, students may come out ahead because typically their tax rate is less than 20% (see pages 7-9 and 11 of aforementioned [PDF presentation](#).)

Taxes that are withheld from tuition payments appear on your federal form [1098-T](#). You can view it online once it's been calculated and prepared by January 31st. You report this information on [IRS Form 8863](#). Your wages are reported on your [W2](#).

To have an idea of your tax rate, see [federal withholding tax rates](#) on UT Payroll's website.

The purchase of textbooks is also a qualified education expense.

F-1 Visa Holders (most international students)

International students must create a record on [GLACIER](#) to calculate their taxes.

These students are not entitled to education credits. Please consult the International Office for details about what you may be eligible for, for example if you have a child. **However**, you might be eligible for an [exemption](#) if your country has a [tax treaty](#) with the United States. This International Office [PDF presentation](#) is a good place to start (specifically page 9.)

You do not receive the 1098-T form, nor do you use Form 8863. However, resident aliens do for tax purposes (in the United States for at least 5 years.) **Non-resident aliens are typically taxed at a rate of 14%.**