Graduate Student Tax Information
US Citizens, Permanent Residents, and Resident Aliens for Tax Purposes

March 5, 2015

Sponsored by
Graduate Student Affairs
Four Steps to Successful Tax Preparation

1. Review Your Income Sources
2. Review Tax Payments Made and Tax Forms Received
3. Review Filing Requirements and Common Deductions
4. How to File and Where to Get Assistance
Step One

Review Your Income Sources

• Taxable
• Nontaxable
• Stipend, Scholarships, and Fellowships
• Travel Stipend or Reimbursement
Taxable vs. Nontaxable Income

Taxable Income Examples:
• Wages and Salary (Wage and Tax Statement W-2)
• Bonuses/Awards and Fringe Benefits
• Self-employment Income (baby-sitting, lawn mowing)
• Investment or Foreign Income (Bonds, Dividends, Bank Account Interest)
• Reimbursement of Expenses (insurance expenses)

Nontaxable/Nonreportable Income Examples:
• Financial Assistance through Student loans
• Some Military and/or Disability Payments

For more details on income sources review IRS Pub 525 Taxable and Nontaxable Income
Stipends, Scholarships, and Fellowships

If you received funding through Stipend, Scholarship, or Fellowship from UChicago or an external source, all or part may be taxable, even if you did not receive a tax form.

Generally these types of aid assist by:

- **scholarship** (to aid in pursuit of studies for tuition and fees);
- **stipend** (to aid in offsetting living expenses while studying); or
- **fellowship** (to aid an individual in the pursuit of study or research).

If you are a candidate for a degree, you generally may exclude from income part of the assistance used for:

- Tuition and Fees required for enrollment or attendance
- Fees, books, supplies, and equipment required for your courses

***You may not exclude from income any part of the grant used for other purposes, such as room and board.***
Stipends, Scholarships and Fellowships

Not sure how much scholarship/fellowship funding you received in calendar year 2014 from UChicago?
Access your Divisional Financial Aid information in the financial section of my.uchicago.edu.

Remember Scholarship/Stipend/Fellowship also includes funding from outside the University (third-party).

For more information and instructions on how to file this income go to http://www.irs.gov/taxtopics/tc421.html.
Travel as Stipend or Reimbursement

Reimbursements are not reportable to the Internal Revenue Service (IRS) as income to the student if the student can document that the reimbursement is one of the following:

- Directly supports a faculty member's project or research program (member of an archeological dig)
- Is related to presenting at a conference (poster or oral presentation at a scholarly meeting)
- Is an integral part of the student's degree work (membership in the national scientific groups like American Heart Association which supports the scope of a research grant; attend a national training course)
- Is official University Business (member of the UC Model UN team)
Funding Source

- **General Travel Fund**: (tax eligibility varies)
  - Reimbursement, non-reportable: eligibility includes travel to present own research at a scholarly meeting
  - Scholarship: If the travel is intended to further a student’s thesis work; sources are not available without travel

- **Foundation Travel Grant**: (tax eligibility defined by awarding agency and grant awarded to the individual)
  - Through the University it is classified as reimbursement
  - Directly to the individual it is classified as a scholarship
  - Grant made to a student in support of . . . .

- **Training Grant**: (tax eligibility defined by appointment to training grant)
  - Grant made to the University in support of training, required part of training that applies to all participants

- **Research Grant**: (tax eligibility defined by participation in research project)
  - Grant made to the university in support of a specific research project; all expenditures on the grant is in support of university business.
**Student Certification for Business Related Travel Reimbursement**

Submitted at the time of reimbursement request

Valid information if honorarium was issued in error.

Certification made by faculty.

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**Student Certification for Business Related Reimbursement**

Please complete this form and attach to any student reimbursement which is certified to be University related business or travel. This certification must be completed by the student and certified by a University of Chicago faculty member or a Principal Investigator (PI) if payment is made from a Federal Grant.

**To Be Completed by Student/Fellow**

<table>
<thead>
<tr>
<th>Student/Fellow Name:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student Identification Number:</td>
</tr>
<tr>
<td>Destination (Optional):</td>
</tr>
<tr>
<td>Travel Dates (if applicable):</td>
</tr>
<tr>
<td>Business Purpose:</td>
</tr>
</tbody>
</table>

**To Be Completed By University Faculty Member or Principal Investigator (PI)**

I certify that this student/fellow expense:

- [ ] directly supports my project or research program, or
- [ ] is related to presenting at a conference (conference publication listing student is required), or
- [ ] is an integral (required) part of the student's degree work, or
- [ ] is official University business

<table>
<thead>
<tr>
<th>Faculty Member/PI Name:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Faculty/PI Signature:</td>
</tr>
<tr>
<td>Date:</td>
</tr>
</tbody>
</table>

Any reimbursement to an undergraduate, graduate student or Post Doctoral Fellow, which does not meet the above criteria for University business, is considered to be taxable scholarship income according to IRS regulations. U.S. Citizens, Permanent Residents and Residents for Tax are not required to have any tax withholding, nor will a tax form be issued. However, any scholarship payments should be reported as income. Nonresidents for tax are required to have a federal withholding of 14% and a 1042S form will be issued at calendar yearend.
Step Two

- Tax Forms Received
- Quarterly Tax Payments Made
**Tax Forms You May Receive**

<table>
<thead>
<tr>
<th>Tax Form</th>
<th>Reason</th>
<th>Provider/Date Mailed</th>
</tr>
</thead>
<tbody>
<tr>
<td>W2 Wage and Tax Statement</td>
<td>Wages, Salary Compensation</td>
<td>Employer – Jan 31</td>
</tr>
<tr>
<td>1099 Miscellaneous Income</td>
<td>i.e. (Rent, Legal Fees, Settlements, Services Provided)</td>
<td>Provider of Income-Jan 31</td>
</tr>
<tr>
<td>1098 T Tuition Charge Statement</td>
<td>Tuition Charges in the current tax year</td>
<td>UChicago Bursar – Jan 31</td>
</tr>
</tbody>
</table>

**TaxTip**

Domestic students will not receive a tax form for Stipend/Scholarship/Fellowship payments. The IRS considers these categories to be self-reported and you must remit taxes and include these as income.
Self-Reported Income Quarterly Payments

Federal and State Tax Law requires individuals to pay estimated tax payments on self-reported income.

If you will owe more than $1,000 in federal taxes and $500 for Illinois state (or any state you earned income) taxes you should make estimated quarterly payments.

If you do not pay estimated tax payments when required to do so, the IRS and State of Illinois may assess a penalty for late taxes.
How to Make Quarterly Payments

Refer to worksheets or online calculator that estimate 2015 payments; available after January 1 each year on irs.gov.

- Federal: 1040-ES
- State: IL-1040-ES
  http://www.revenue.state.il.us/taxforms/IncmCurrentYear/Individual/IL-1040-ES.pdf

TaxTip

- Forms include due dates and explanation of how to estimate quarterly amounts owed

IRS Publication 505–Tax Withholding and Estimated Tax:
Step Three

- Do I have a Filing Requirement for 2014?
- Common Deductions
Do I have a filing requirement for 2014?

Several factors influence filing requirements.

For most domestic and resident alien citizens under 65 income is a main factor:

<table>
<thead>
<tr>
<th>If your filing status is...</th>
<th>THEN file a return if your gross income was at least...</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>$10,150</td>
</tr>
<tr>
<td>Married filing jointly</td>
<td>$20,300</td>
</tr>
<tr>
<td>Married filing separately</td>
<td>$3,950</td>
</tr>
<tr>
<td>Head of Household</td>
<td>$13,050</td>
</tr>
<tr>
<td>Qualifying widow(er) with dependent child</td>
<td>$16,350</td>
</tr>
</tbody>
</table>
If you are still Claimed as a Dependent

If your parents claim you as a dependent child for tax purposes, you still may need to file taxes depending on the amount of gross income.

**Single Dependents Must File When:**
- Your unearned income was over $1,000;
- Your earned income was $6,200; or
- Your gross income was more than the larger of $1,000 or your earned income (up to $5,850) plus $350.

**Married Dependents Must File When:**
- Your unearned income was over $1,000;
- Your earned income was $6,200;
- Your gross income was at least $5 and your spouse files a separate return and itemizes deductions; or
- Your gross income was more than the larger of $1,000 or your earned income (up to $5,850) plus $350.

See detailed table at:
To qualify for EITC, you must have earned income from employment, self-employment or another source and meet certain rules.


To review all general education-related deductions such as books and supplies, etc. please review Publication 970.

ACA – Affordable Health Care Act

Individual Shared Responsibility Provision New 2014 Tax Year
• If you had coverage for the entire tax year you will simply need to attest to having coverage on your tax form (i.e. USHIP coverage Winter 2014-Fall 2014) (line 61)

Shared Responsibility Payment if Gaps in Enrollment

Claiming and Reconciling Premium Tax Credit
• Tax Credit may only be used if a Marketplace Insurance plan was used.

For more information and calculators:
1098T – Tuition Charge Statement

Graduate students are only eligible for the Lifetime Learning Credit (Non-Refundable)

- Reports all charges for tuition and qualified expenses for the 2014 tax year charged to you by the University (box 2).
- Also lists all scholarships and grants or tax exempt funds disbursed to your student account (box 5) and cannot be deducted.
- As a general rule you may only deduct charges you paid out-of-pocket.
- Tax Forms and Copies of 1098T online are available at www.1098T.com

To see if you qualify for a tax credit use the online calculator: http://www.irs.gov/uac/Am-I-Eligible-to-Claim-an-Education-Credit%3F
Student Loan Interest Deduction

Students who are continuing to make payments toward previous student loans/and or paying interest only may be eligible for a deduction.

A qualified student loan is a loan you took out solely to pay qualified higher education expenses. See Publication 970, Tax Benefits for Education, and the Form 1040 Instructions (PDF) to determine if your expenses qualify.

If you paid $600 or more of interest on a qualified student loan during the year, you will receive a Form 1098-E (PDF), Student Loan Interest Statement, from the entity to which you paid the student loan interest.
Step Four

How to File and Where to get Assistance

- Tax Returns
- Where to Obtain Assistance with Tax Preparation
- Tax Information Resources
Tax Returns

1040-EZ, 1040A or 1040?

If you have any taxable income that qualifies under your filing limit you must file a tax return.

The three forms U.S. citizens and resident aliens use for filing individual federal income tax returns are Form 1040EZ (PDF), Form 1040A (PDF) and Form 1040 (PDF).

Review What is the simplest form to use to file my taxes? on IRS.gov to see which form you should use.

For more information visit: http://www.irs.gov/taxtopics/tc352.html
Reporting Stipend/Scholarship/Fellowship Income

When reporting any portion of a Stipend/Scholarship/Fellowship you must include amounts in your gross income on your Tax Return:

If filing Form 1040 (PDF), Form 1040A (PDF) or Form 1040EZ (PDF), enter "SCH" with the taxable amount in the space to the left of the "Wages, salaries, tips" line of your tax return report the taxable amount on the "Scholarship and fellowship grants" line.

If you receive a Form W-2 (PDF), Wage and Tax Statement, in connection with amounts received as payment for services under a scholarship or fellowship grant, include the amount reported in Box 1 of the Form W-2 on the "Wages, salaries, tips" line of your tax return.

For more information, refer to Publication 970, Tax Benefits for Education.
Prior Year Filings and Corrections

**Tax Tip**

If you failed to report self-reported income (i.e., Scholarship, Fellowship income) in previous tax years you can correct by completing:

1) **Amended Tax Return** – If you filed a previous tax return for a calendar year, you should file an amended tax return (IRS Form 1040X and Illinois State Form IL-1040X).


1) **File A Return** - If you have never filed (i.e. only had scholarship/fellowship income and did not file any tax return for a calendar year), you need to file an original tax return.
Assistance: Free Resources


230 S. Dearborn St.
Hours: 8:30am – 4:30pm
312.566.4912

**Illinois State Revenue Office:** [http://www.revenue.state.il.us](http://www.revenue.state.il.us)
100 W. Randolph (Thompson Ctr)
Hours: 8:30 am-5:00pm
1.800.732.8866
VITA Sites Near UChicago

VITA Volunteers: Individuals who are certified to assist individuals in filing tax returns (free service for those generally with an AGI of $53K or less). To locate nearest VITA site, call 1.800.906.9887.

Harold Washington Library
400 S. STATE STREET
5TH FLOOR
CHICAGO, IL 60605
JAN 2015 - 15 APR 2015
MON 10:00AM - 4:00PM TUE 5:00PM - 8:00PM WED 10:00AM - 8:00PM THU 5:00PM - 8:00PM FRI 10:00AM - 4:00PM SAT 9:30AM - 12:30PM

Robert Morris University Chicago
401 SOUTH STATE STREET
CHICAGO, IL 60605
FEB 2015 - 08 APR 2015
MON 1:00PM - 5:00PM WED 1:00PM - 5:00PM
Assistance: Paid Resources

- **Certified public accountants.** Not all CPAs specialize in doing individual income tax returns. To find a CPA, go to either American Institute of Certified Public Accountants [www.aicpa.org](http://www.aicpa.org) or Illinois CPA Society: [http://www.icpas.org/](http://www.icpas.org/).

- **Enrolled agents.** Focus solely on taxes. Trained or worked directly for the IRS. Enrolled agents might work for themselves or in a CPA firm. To locate one, go to [http://www.naea.org/](http://www.naea.org/)

- **National tax-prep chains.** (H&R Block, Jackson-Hewitt) work best for simple, straightforward returns.

**TaxTip**

If you choose to use a professional tax preparer, make sure they:

- Have filed student tax returns in the past
- Have passed state or federal certifying exams
- Give you an estimated price for services up front, including all fees
- Will stand by their work and provide audit assistance or advice if necessary
- **Avoid preparers who base their fee on a percentage of your refund**
Checklist For the Future

✓ Keep a file with all scholarship payments and make note of “types” of payments (e.g. stipends, fellowships, wages) so you know what forms to expect at year end.

✓ Keep receipts for possible educational expense deductions.

✓ Make estimated tax payments (using the 1040-ES form) if required.

✓ Today’s Presentation Available on grad.uchicago.edu refer back as often as you need.