

Graduate Tuition Waiver FAQ

Q1: Why is my graduate tuition waiver included on my paycheck?

Under Internal Revenue Code (IRC) Section 127, employees enrolled in graduate level classes and who receive employer provided tuition benefits or tuition waivers must include in income the amount of tuition waivers that exceed \$5,250 in a calendar year.

Q2: Are there any exceptions to graduate tuition waivers being taxed?

Yes, the following exceptions apply:

- The total of all graduate tuition waivers received in a calendar year (January-December) that does not exceed \$5,250 is exempt from income.
- Graduate students engaged in teaching or research, are exempt under IRC Section 117(d) (Graduate Assistant Teaching, Graduate assistant Lecturer, and Graduate Assistant Research are exempt from Section 117).

Q3: How will I know how much of my graduate tuition waiver is subject to tax?

The amount that is subject to the tax is the amount that exceeds \$5,250. You will receive an e-mail in October indicating your tuition taxable amount.

Q4: Will the graduate tuition waiver be reported on my W-2?

Yes. The amount of the waiver that is subject to the tax will be included in taxable earnings and reported to W2 boxes 1, 3, 5, 16.

Q5: Why is the graduate tuition waiver from two different academic school years included on my W-2?

The graduate Tuition Waiver tax, by law, is applied on a calendar year basis (January-December) as opposed to an academic year basis (August-July).

Q6: Who can I contact about specific questions regarding taxation of graduate tuition waivers?

You can e-mail your questions to payroll@gmu.edu