



ACCOUNTING AND FINANCIAL SERVICES
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Dear Postdoctoral Scholar,

The UC Davis Office of Tax Reporting and Compliance would like to alert you to important information regarding the possible taxability of your Postdoc Scholar Benefit Program (PSBP) health benefits. Please be aware that in some cases, the University's contributions paid on your behalf for the PSBP medical, dental, vision, life, disability, accidental death and dismemberment insurances are considered "imputed income" (*i.e.* taxable) to you as per United States Internal Revenue Service (IRS) regulations. (Benefits provided to the Domestic Partner of any Postdoc Scholar are taxable as described in the UC publication referenced below.¹)

"Imputed income" is the term the IRS applies to the value of any benefit or service that should be considered income for the purpose of calculating federal income taxes. The University's withholding and reporting responsibilities regarding health benefits furnished to a Postdoctoral Scholar varies depending on whether the recipient is a U.S. citizen (resident alien, US resident for tax purposes) or a nonresident alien and are based on IRS regulations.

When required by the IRS, the University will withhold (*i.e.* collect) funds from the Postdoc Scholar each month in an amount sufficient to pay the projected taxes. This is known as 'Federal income tax withholding'. Federal income taxes withheld in advance may potentially be refunded by the IRS when the Postdoc files an annual income tax return.

The University's withholding and reporting responsibilities are directed by the IRS and vary as a function of **citizenship status and appointment type (title code)**. **International Postdocs who invoke tax treaties will not be subject to federal tax withholding but the benefits will be imputed and reported on IRS Form 1042-S, issued annually by March 15th.**

This table summarizes withholding and reporting requirements. Specific examples of nonresidents holding multiple follow the table.

Title	Title Code	Citizenship Status	Tax Withholding	Reporting	Withholding method
Postdoc Employees – Appointment >50%	3252	Citizen, Permanent Resident, Resident for Tax Purposes	No	N/A	N/A
		Nonresident Alien	No	N/A	N/A
Postdoc Fellows	3253	Citizen, Permanent Resident, Resident for Tax Purposes	No	Self-report on annual tax return	N/A
		Nonresident Alien	14% - F,M,Q,J visas 30% - all others	1042S, issued annually by March 15 th	Payroll Deduction
Paid Directs	3254	Citizen, Permanent Resident, Resident for Tax Purposes	No	Self-report on annual tax return	N/A
		Nonresident Alien	14% - F,M,Q,J visas 30% - all others	1042S, issued annually by March 15 th	Monthly bill sent to person

¹ For more information about Domestic Partner benefits and taxation please see <http://ucnet.universityofcalifornia.edu/forms/pdf/benefits-for-domestic-partners.pdf>

Postdoc Employees (title code 3252) with a 50% or greater appointment:

- Benefits are not taxable unless the Postdoc Employee enrolls a Domestic Partner in the medical, dental, and/or vision plan. In which case the contribution that UC pays for benefits of the Domestic Partner will be taxed and withholding will be done through payroll deduction.¹

Postdoc Employees (title code 3252) with a 49% or less appointment:

- This title code is not eligible for the PSBP benefits unless the Postdoc Employee appointment is held jointly with a Postdoc Fellow or Postdoc Paid-Direct appointment such that the total appointment reaches or exceeds 50%.
- Where it is the case that the joint Postdoc appointment is greater than 50% and this Postdoc enrolls in the PSBP health plans, the benefits are taxable on the University paid portion of the premiums for the Postdoc and covered dependents. Taxes in these instances will be withheld from monthly earnings through payroll deduction.

Postdoc Fellows (title code 3253):

- The University paid portion of PSBP premiums for the Postdoc Fellow and covered dependents are taxable. When Postdoc Fellow is subject to imputed income tax, the monthly withholding will be collected through payroll deduction.
- If there is a concurrent Postdoc Employee (title code 3252) appointment greater than 50%, the Postdoc Employee appointment renders UC benefit contributions as non-taxable (see above).

Postdoc Paid-Direct (title code 3254):

- The University paid portion of PSBP premiums are taxable for the Postdoc Paid-Direct and covered dependents. Imputed income tax will be collected from the Postdoc Paid-Direct through billing by the UC Davis Accounting Office of Tax Reporting & Compliance. The Postdoc Paid-Direct will receive a monthly, written statement of imputed income tax withholding due with instructions for making payment to UCD.
- If there is a concurrent Postdoc Employee (title code 3252) appointment greater than 50%, the Postdoc Employee appointment renders UC benefit contributions as non-taxable (see above).