

**Postdoctoral Fellow
(Job Code 095)
Tax Information Session
February 26, 2024**

University of Rochester Payroll & Tax Compliance Office



Administrative Matters

- This document is produced for informational purposes only, and should not be considered tax, financial or legal advice. Please consult your own tax or financial advisor for specific questions regarding your tax situation.
- Today's presentation materials will be available on the UR Graduate Education website, under resources for Postdocs.



General Rules Regarding Tax Reporting of Postdoctoral Fellowships (Job Code 095)



Postdoctoral Fellows (Job Code 095) – Tax Reporting

- Payments received by postdoctoral fellows are considered taxable income, but not wages, under the terms of certain awards and grants (i.e., NIH/NRSA training grants). Individuals receiving payments under the terms of these awards and grants do not have an employer-employee relationship with the University.
- The IRS provides that amounts received as fellowships are not required to be reported as wages on a W-2 or as income on a Form 1099-MISC.
- Because these fellowships are not considered wages, they are not subject to income tax withholding when paid.



Postdoctoral Fellows – Tax Reporting

- Eligible to make after-tax contributions for postdoctoral health benefits such as medical, dental and vision. University paid contributions for medical and dental treated as imputed income.
- No taxes withheld from payments. Subject to federal and state income taxes on fellowship and University paid medical and dental benefits.
- Generally required to make quarterly estimated tax payments to the IRS and NYS Tax Dept.



Postdoctoral Fellows – Tax Reporting

- You should have received a letter in late January/early February 2024 which provides your total 2023 postdoctoral fellowship payments and amount the University contributed for benefits during your postdoctoral fellowship for the 2023 calendar year.
 - Letter is for informational purposes and is not required to be filed with the IRS or NYS Dept of Tax when you file your 2023 tax return.
 - Letter should be saved and kept as support for the taxable amount of fellowship/benefits that you report on your 2023 tax return.



Filing 2023 Income Tax Returns



Filing 2023 Income Tax Returns

Example -

Dana was awarded a Postdoctoral fellowship of \$55,000 for the 2023-24 academic year (July 1, 2023 – June 30, 2024). In addition, the University will contribute \$10,000 for health and dental benefits. How much of the \$65,000 is taxable for 2023?

Calendar Year 2023

Dana received \$27,500 in fellowship payments in calendar year 2023 and \$5,000 in University benefits.

\$32,500 - should be reported as taxable income from her post-doc fellowship on Dana's 2023 tax return.

** To support this amount on her 2023 return, Dana should keep her 2023 fellowship letter from the University (received in Jan/Feb 2024).



Filing 2023 Income Tax Returns

Complete applicable wage/income lines on tax returns

- Fellowship grants should be reported on Line 8r of Schedule 1 of Form 1040.
- This amount, along with any other amounts reported on Schedule 1, is carried over and reported on Line 8 of Form 1040.



Filing 2023 Income Tax Returns

Complete your federal/state income tax returns

Tips if using commercial software programs (such as TurboTax or TaxSlayer)

- Follow the instructions provided by the software provider for how to report scholarship and fellowship grants.
- You are not subject to self-employment tax on your fellowship – so make sure this does not occur.
- Most commercial software program have a help or chat feature.
- TurboTax: The correct way to enter the income is in the Education section of the Deductions & Credits page. After the 1098-T questions, there should be additional questions about scholarships and fellowships. Your fellowship is not subject to FICA taxes (social security/Medicare tax) or self-employment tax, but it is subject to regular income tax.



Filing 2023 Income Tax Returns

Determine applicable deductions (standard deduction or itemized)

- IRS standard deduction for 2023 (generally increases each year)
Single (cannot be claimed as dependent on another person's return) or
Married filing separately - \$13,850
Married filing jointly or Qualifying widower - \$27,700
Head of household - \$20,800
- NY standard deduction for 2023 (same as 2022)
Single (cannot be claimed as dependent on another person's return) or
Married filing separately - \$8,000
Married filing jointly or Qualifying widower - \$16,050
Head of household - \$11,200



Filing 2023 Income Tax Returns

**EXAMPLE AND COMPLETED TAX
FORMS (pdf)**



Calculate Your 2024 Estimated Tax Payments



Calculate Your 2024 Estimated Tax Payments

- You **may** be required to make estimated tax payments with the IRS and/or the NYS Dept. of Tax (if you are a NY state resident).
- Estimated tax payments are due quarterly. You are always allowed to “pre-pay” your entire year tax estimate (100% of estimated tax) in your first quarterly payment. Otherwise, equal installments.



Calculate Your 2024 Estimated Tax Payments

- Purpose of making estimated tax payments – to avoid being assessed a penalty for underpayment of tax when you file your return (if have an amount due).
- You are subject to a penalty for not making 2024 quarterly estimated tax payments to the IRS/NY state if:
 1. You owe \$1,000 or more in tax (\$300 or more for NY) when you file your 2024 return in 2025 (after subtracting withholding that you had and overpayments from the prior year), **AND**
 2. Your withholding/estimated payments are less than the smaller of:
 - a. 90% of the tax on your 2024 return, or
 - b. 100% of the tax on your 2023 return.
- **Safe Harbor – For 2024 estimated tax payments, pay the tax on your 2023 return (Form 1040) equally over the 4 quarterly payment dates (or all up front).**



Calculate Your 2024 Estimated Tax Payments

- IRS and NYS Tax Resources for Calculating Quarterly Estimated Tax Payments

Refer to IRS and NYS Forms listed below (which include explanation of how to estimate quarterly amounts owed) and IRS Publication 505 (Tax Withholding and Estimated Tax), available at:

<https://www.irs.gov/businesses/small-businesses-self-employed/estimated-taxes>

- Federal – IRS Form 1040-ES
- New York – NY Form IT-2105

The federal standard deduction generally increases every year. For 2024:

Single or Married filing separately - \$14,600

Married filing jointly or Qualifying widower - \$29,200

Head of household - \$21,900

The NY standard deductions for 2024 are the same as 2023.



Calculate Your 2024 Estimated Tax Payments

■ Example

Connor has a Postdoctoral fellowship. For 2024, Connor estimates his gross income to be \$65,000 (\$55,000 fellowship and \$10,000 University provided benefits). He has no other income, files single and cannot be claimed as a dependent on someone else's return. Connor's 2023 federal Form 1040 reported tax (Line 16) of \$5,000. Connor's 2023 NY Form IT-201 reported tax (Line 61) of \$3,000.

Step 1 - Calculate Connor's 2024 taxable income for federal estimated tax purposes:

Total estimated postdoctoral fellowship payments and benefits received in 2024 - \$65,000.

Taxable income for 2024: \$65,000 - \$14,600 standard deduction = \$50,400



Calculate Your 2024 Estimated Tax Payments

Step 2, cont'd - Calculate 2024 estimated tax on federal taxable income of \$50,400

If Connor pays the \$6,141 when he files his 2024 income tax return (in 2025), he could be subject to an estimated tax penalty for not paying his 2024 federal income taxes on a timely basis.

To avoid an estimated tax penalty when he files his 2024 Form 1040, he must pay in the lesser of:

90% of 2024 estimated tax (\$6,141) = \$5,527, or

100% of 2023 tax = \$5,000

So, Connor must pay in \$5,000 at a minimum in 2024 as estimated tax payments to avoid an estimated tax penalty when he files his 2024 return in 2025 (or, \$6,141 if he wants to avoid paying any federal income tax when he files his return).



Calculate Your 2024 Estimated Tax Payments

ESTIMATED TAX DUE DATES FOR 2024:

Quarter 1 – April 15, 2024

Quarter 2 – June 17, 2024

Quarter 3 – September 16, 2024

Quarter 4 – January 15, 2025

Connor decides he is going to pay in \$6,141 for his estimated 2024 federal income taxes. He pays \$1,535.25 each quarter by the due dates above.



Calculate Your 2024 Estimated Tax Payments

Step 3 - Calculate Connor's 2024 taxable income for New York State estimated tax purposes

Fellowship payments and benefits received in 2024 - \$65,000

NY taxable income for 2024: \$65,000 - \$8,000 standard deduction = \$57,000



Calculate Your 2024 Estimated Tax Payments

Step 3, cont'd -- Calculate 2024 estimated tax on New York State taxable income of \$57,000

From Form IT-2105 page 10:

Single and married filing separately					
If line 5 is:		The tax is:			
over	but not over				
\$ 0	\$8,500	4% of line 5			
8,500	11,700	\$ 340 plus	4.5% of the excess over	\$8,500	
11,700	13,900	484 plus	5.25% " " " "	11,700	
13,900	80,650	600 plus	5.5% " " " "	13,900	
80,650	215,400	4,271 plus	6% " " " "	80,650	
215,400	1,077,550	12,356 plus	6.85% " " " "	215,400	
1,077,550	5,000,000	71,413 plus	9.65% " " " "	1,077,550	
5,000,000	25,000,000	449,929 plus	10.3% " " " "	5,000,000	
25,000,000	2,509,929 plus	10.9% " " " "	25,000,000	

\$600 +

$((\$57,000 - \$13,900) \times 5.5\%)$ which equals $\$43,100 \times 5.5\% = \$2,370.50$

So, $\$600 + \$2,370.50 = \$2,970.50$. Connor's estimated New York State income tax on his 2024 fellowship is \$2,970.50.



Calculate Your 2024 Estimated Tax Payments

Step 3, cont'd - Calculate 2024 estimated tax on New York State taxable income of \$57,000

If Connor pays the \$2,970.50 when he files his 2024 income tax return (in 2025), he could be subject to an estimated tax penalty for not paying his New York State income taxes on a timely basis.

To avoid an estimated tax penalty on his NYS tax return, he must pay in the lesser of:
90% of 2024 estimated tax (\$2,971) = \$2,674, or
100% of 2023 tax = \$3,000

So, Connor must pay in \$2,674 at a minimum in 2024 as estimated tax payments to avoid an estimated tax penalty when he files his 2024 return in 2025 (or, \$2,971 if he wants to avoid paying any federal income tax when he files his return).



Calculate Your 2024 Estimated Tax Payments

ESTIMATED TAX DUE DATES FOR 2024

Quarter 1 – April 15, 2024

Quarter 2 – June 17, 2024

Quarter 3 – September 16, 2024

Quarter 4 – January 15, 2025

Connor decides he is going to pay in \$2,971 for his estimated 2024 New York State income taxes. He pays \$743 each quarter by the due dates above.



Calculate Your 2024 Estimated Tax Payments

- **How to make IRS estimated quarterly tax payments**
 1. Mail your payment (check or money order) with payment voucher (IRS Form 1040-ES, Vouchers 1-4)
 2. Pay online at www.irs.gov website or using IRS2Go App –
 - a) Through IRS Direct Pay – pay directly from your bank account
 - b) Pay with credit card – through processor (requires fee)

- **How to make NYS estimated quarterly tax payments**
 1. Mail your payment (check or money order) with payment voucher (NY Form IT-2105, Voucher)
 2. Pay online at www.tax.ny.gov website (need to create Online Services account)
 - a) Pay directly from your bank account
 - b) Pay with credit card – through processor (requires fee)



Resources

- **Postdocs page on University of Rochester Graduate Education webpage**
(<https://www.rochester.edu/graduate-education/postdoctoral-appointees/>)
 - [Tax Treatment of UR Postdocs](#)
- **IRS Publication 970 – Tax Benefits for Education:**
<https://www.irs.gov/pub/irs-pdf/p970.pdf>
- **IRS Publication 505 – Tax Withholding and Estimated Tax:**
<https://www.irs.gov/pub/irs-pdf/p505.pdf>
- **IRS Form 1040-ES (Quarterly Tax Payments):**
<https://www.irs.gov/pub/irs-pdf/f1040es.pdf>
- **NYS Form IT-2105 (Quarterly Tax Payments) and Instructions:**
https://www.tax.ny.gov/pdf/current_forms/it/it2105i.pdf



Questions?

University of Rochester Payroll & Tax Compliance Office

Phone: (585) 275-2040 (5-2040 from a University phone)

Email: payroll@rochester.edu

