



**The Union for  
POSTDOCS**

Representing over 6,000  
Postdoctoral Researchers at  
the University of California

## Campus Membership Meeting

### Taxes for Postdocs



# Disclaimer

This is general advice about taxes for Postdocs based on IRS and CA Franchise Tax Board information. If you have more detailed questions that go beyond what is presented here, we advise you to seek advice from a qualified tax expert.



# Filing your taxes

## Important Dates:

- File taxes any time between Jan 15 and April 15.
- If you owe taxes, you must pay by April 15, but you can request an extension (IRS Form 4868 or CA FTB form 3519) to file by October 15. Late payments will be subject to penalties and interest.
- You must file both Federal and State taxes (for each state you received income during the previous calendar year)



# Tax forms upon hiring

- When hired, you filled out a W-4 form (8233 or W-8BEN for non-residents) so that tax is withheld at the correct rate
  - Information on the W-4 form allows UC to estimate your tax rate and withhold this amount per month.
  - In many cases you should not owe or be owed an excessive amount of taxes after filing your yearly return



# Your pay stub explained: tax withholdings

- Federal income taxes: 10-35% depending on income, number of dependents and tax treaties
- State income taxes: 1-10% depending on income and number of dependents
- Most Postdoc-Employees are required to pay 7.5% into a pre-tax retirement account known as DCP-Safe Harbor (this is a replacement for Social Security taxes)
- Medicare: 1.45%



# Earnings statements from UC

- In preparation to do your taxes you'll receive at least one of these forms from UC (via mail or at [atyourservice.ucop.edu](http://atyourservice.ucop.edu)):
  - W-2
    - You receive one from every employer who withholds taxes
    - Reports your earnings and tax withholdings for a given year
  - 1099-MISC
    - You may receive this if your income came from a fellowship
    - More Details: IRS Publication 970
  - Possibly more forms, e.g. if you paid interest on student loans (1098-NT)



# Guide to tax forms continued

Federal Taxes: Basic tax form is IRS Form 1040

- Which 1040 form should I use?
  - 1040 or 1040A: Individual US tax return
  - 1040EZ: Single or joint filers with no dependents
  - 1040NR: Non-resident income tax return
  - 1040NR-EZ: Certain non-residents with no dependents
- State of California Forms are similar but called Form 540, 540-EZ, 540-NR
- Federal forms are available at [irs.gov/forms-pubs](https://www.irs.gov/forms-pubs) and California forms at [ftb.ca.gov/forms](https://ftb.ca.gov/forms)



# What counts as taxable income?

The following forms of income may be considered taxable income:

- Salary or Fellowship Stipends
  - Some fellowships have automatic tax withholding but many do not (depends on residency status, more later)
  - If taxes are not withheld, you need to self-report your earnings and make quarterly estimated tax payments (IRS Form 1040ES/CA Form 540ES); otherwise you may face late penalties
- Reimbursement for travels/conferences or other expenses, keep receipts just in case





# Child care tax credits

Both the Federal government and California have a credit that you may be eligible for if you have child care expenses (tax credit means total taxes will be reduced)

Tax payers must, however, have earned income to claim this credit, and if married, *both spouses* must have earned income unless one spouse is a full-time student or is disabled.

Stipends received by Postdoctoral Fellows typically do not qualify as earned income for this credit



# What is my tax status?

Your status as a US resident or non-resident for Federal tax purposes affects how much you owe:

- Residents
  - Includes US Citizens and Green card holders
  - Some Visa holders, known in tax law as “Resident Aliens” - this determination depends upon several factors, including visa status and the amount of time you have been physically present in the US.
- Non-residents
  - Visa holders who do not meet the residency test
- More info here: <https://tinyurl.com/l73lp99>



# Are taxes withheld from Postdoc-Fellows?

Depends on the tax type and your residency status:

– Federal Taxes

- US Citizens/US Residents/”Resident aliens” : Typically not withheld
- Non-resident F or J visa holders: 14% of taxable fellowship income is withheld
- All other non-resident visa holders (H-1B): 30% withheld

– State taxes

- Typically not withheld from fellows – determine tax liability and pay estimated taxes to avoid penalties

– DCP-Safe Harbor/Medicare taxes

- Fellowship stipends are not subject to DCP-Safe Harbor or Medicare taxes



# UC considers health benefits taxable for some fellows and paid directs

- UC's position is that Fellows and Paid-Directs (with less than 50% appointment as a Postdoc-Employee) are required to pay Federal income taxes on their health benefits (known as imputed income tax)
- For non-residents, imputed income tax is withheld or billed at a rate of 14% for F/J visa-holders and 30% for all other visa holders.
- If you have questions about this, consult a tax professional



# Taxes for International Postdocs

Residents of countries which have tax treaties with the US (see IRS Publication 901) may be exempt from Federal (but not CA State) tax withholding for a certain period of time. If you are exempt, you are still required to file Form 1040 and you must also file Form 8843.

Make sure to keep your personal information updated in the Glacier system so that the correct level of taxes is withheld.



# CA State Taxes

- CA Resident/Non-Resident: Generally you file as a CA resident if you live in CA at least 9 months in a tax year
- CA residency may be different than Federal residency
- Refer to FTB Publication 1031 for questions



# Should I Use Free Tax Software or a Tax Professional?

- Online tax filing software (for a small fee or free if you're adjusted gross income is below \$64,000):
  - Federal taxes: Several options at [freefile.irs.gov](https://www.irs.gov/efile)
  - CA state taxes (most people can e-file for free):  
Calfile – go to [ftb.ca.gov](https://www.ftb.ca.gov)
- Free tax filing is just like filling out paper forms (usually has a built in tax calculator and you have the option to e-file).
- When should you consider paying for a tax professional or paid software?
  - People with non-standard deductions or with investments
  - Overseas assets
  - Other complicated situations