



USM REQUEST FOR TUITION REMISSION – AFFIDAVIT (A) TAXABILITY FOR SELF, SPOUSE OR CHILD

EMPLOYEE NAME: _____ DEPENDENT CHILD/SPOUSE NAME: _____

This affidavit must be completed by all employees and retirees requesting TUITION REMISSION (TR) to determine whether the Institution must treat the requested TR as taxable income to the employee or retiree under Federal Internal Revenue rules. In most cases, TR is **not** taxable for undergraduate courses taken by an employee, retiree, spouse or child who qualifies as the employee’s dependent under federal tax law standards. In addition, specific IRS rules govern the taxability of TR for graduate education, same sex spouses and their children, and children of divorced and separated parents. Those rules are summarized on a Tax Chart on the USM’s Website at: <http://www.usmd.edu/usm/adminfinance/tuitiontax.pdf>.

This affidavit is necessary to comply with federal tax law and to protect you and the USM Institution from potential tax liabilities and penalties. To complete the affidavit, **read the statements below and INITIAL any statement that applies to you.**

1. UNDERGRADUATE TUITION REMISSION FOR A SPOUSE - If you are seeking TR for your spouse, initial ALL applicable statements:

- ___ I certify that the person for whom I am requesting TR: (a) is my spouse and that we have entered a legally effective marriage, **and (b)** that we are not estranged, and that he/she does not maintain a separate domicile.
- ___ I am seeking TR for my same sex spouse whom I do not intend to claim as my dependent on my federal tax return for the 20__ calendar year, and I understand that the value of the TR is taxable income to me.
- ___ I am seeking TR for my same sex spouse whom I intend to claim as my dependent on my federal income tax return for the 20__ calendar year. If I do not claim my spouse as a dependent for this tax year, I will **notify** my HR Office as soon as possible and no later than 15 days of filing my tax return, and I understand that the value of my spouse’s TR will be considered taxable income to me.

2. UNDERGRADUATE TUITION REMISSION FOR A CHILD -

a. If you are seeking undergraduate TR for a child whom you will claim as a dependent on your income tax return for the year 20__, initial the following:

___ I certify that the person for whom I am requesting TR is my biological child, stepchild or legally adopted child and that I intend to claim the child as my dependent on my federal income tax return for the 20__ calendar year. If I do not claim my child as a dependent on my income tax return for the 20__ calendar year as indicated above, I will **notify** my HR Office as soon as possible and no later than 15 days of filing my tax return, and I understand that the value of my child’s TR will be considered taxable income to me.

b. If you are seeking undergraduate TR for a child whom you will NOT claim as a dependent on your income tax return for the year 20__, initial ONE applicable statement:

- ___ (i) I certify that the person for whom I am requesting TR (a) is my biological child, stepchild or legally adopted child, and **(b)** I do **not** intend to declare my child as a dependent on my federal income tax return for the 20__ calendar year, and (c) I understand that the value of my child’s TR will be considered taxable income to me. OR
- ___ (ii) Although I do not intend to declare my biological child, stepchild or legally adopted child as a dependent on my federal income tax return for the 20__ calendar year, (a) I am currently divorced or separated from the child’s parent (b) the child’s other parent will claim the child as a dependent on his/her federal income tax return for the 20__ calendar year, and (c) my marriage to the other parent was one that is recognized under federal law, (i.e., not a same sex spouse). If the child’s other parent does not claim my child as a dependent for this tax year, I will **notify** my HR Office as soon as possible and no later than 15 days of the filing of the tax return of the child’s other parent, and I understand that the value of my child’s TR will be considered taxable income to me.

3. TUITION REMISSION FOR GRADUATE EDUCATION - If you are seeking TR for graduate education for yourself or a family member, initial ONE applicable statement:

- ___ I am applying for TR for my own education in courses at the graduate level, and the courses qualify as a “working condition fringe benefit,” which means: the courses are required by law or the Institution for me to keep my present job OR maintain or improve skills required for my current employment, AND the courses will not qualify for the minimum educational requirements for my current position, AND the courses will not qualify me for a new trade or business.
- ___ I am applying for TR for my own education in courses at the graduate level which do not qualify as a “working condition fringe benefit” as that term is used in the Internal Revenue Code, and I understand that I will be taxed for the value of the TR that may exceed \$5,250.
- ___ I am applying for TR for the education of my spouse or child in courses at the graduate level, and I understand that I will be taxed for the full value of the TR.

4. GENERAL ACKNOWLEDGEMENTS - All applicants must INITIAL EACH of the following:

I understand that the following requirements are applicable to my application for and receipt of Tuition Remission:

- ___ a. I have read and I understand the relevant USM-BOR TR policies (VII-4.10 and VII-4.20), which appear at <http://www.usmd.edu/regents/bylaws/SectionVII/> and the USM Tuition Remission–Deadlines And Restrictions Chart, which appears at: <http://www.usmd.edu/usm/adminfinance/tuitionchart.pdf>
- ___ b. To the extent that any TR is taxable income under IRS regulations, the value of the TR will be added to my salary for taxation over designated pay periods during the semester when TR is used, according to the schedule set by the State Central Payroll Bureau.
- ___ c. I understand that the Institution where student registers for courses has final approval authority for my TR request.

5. I HEREBY SOLEMNLY AFFIRM UNDER PENALTIES OF PERJURY THAT:

- a. The information given above is true and accurate;
- b. I understand that willful falsification of information in this Affidavit can result in referral for investigation and prosecution, full disciplinary action by the Institution, and civil action by the Institution to recover any costs that it may incur because of such a false statement; and
- c. For compliance and audit purposes, I agree to provide to the Institution a copy of any documentation (including relevant tax returns) that the HR Office deems necessary to ascertain my eligibility or the tax status of my spouse or child. I understand that failure to timely provide all requested information will result in the Institution treating the value of the TR as taxable income to me.
- d. I understand that I must notify the HR Office no later than 15 days of my first becoming aware of any change in the information that I have provided in this Affidavit and as a result, I understand that the value of the TR may be taxable income to me and applied retroactively to the appropriate taxable year. I further understand that failure to notify the Institution of any changes may be considered willful falsification, to be treated as described in item b. of this section.

Signature of Employee: _____ Date: _____

Signature of Department Head/Designee: _____ Date: _____

Signature of Human Resources Representative at Employing Institution: _____ Date: _____

TAX CHART – USM TUITION REMISSION

Eligibility for tuition benefits must be determined under USM-Board of Regents Policies VII-4.10 and VII-4.20. This chart provides a general overview of the taxability of various types of tuition remission. It does not constitute tax advice. Each employee or recipient of tuition remission is strongly encouraged to discuss all questions related to tax liability with his or her accountant or tax advisor.

Who is the Student?	Undergrad or Graduate?	<u>Taxable or Not Taxable</u> for federal income tax purposes	Special Notes
1. Employee/Retiree	Undergraduate (all courses)	Not Taxable	
2. Employee (does not include Retiree)	Graduate (work related)	Not Taxable (see note)	Graduate: MUST qualify as a working condition fringe benefit, not to meet minimum job qualifications or qualify for a new trade or business as defined in Affidavit-A, Section 3
3. Employee/Retiree	Graduate (not work related)	First \$5,250 is Not-Taxable. Any amount over \$5,250 is TAXABLE	
4. Spouse, Widow/er, or Child of Employee/Retiree*	Graduate	TAXABLE	
5. Spouse (legally recognized under federal law) or widow/er (whose marriage to Employee/Retiree* was legally recognized under federal law)	Undergraduate	Not-Taxable	Federal law determines the federal tax treatment of tuition benefits for spouses.
6. Federal tax dependent who is Employee's/Retiree's*: <ul style="list-style-type: none"> • Spouse (recognized by MD law but not federal law, such as a same sex spouse) • Son/Daughter • Stepson/Stepdaughter • Legally adopted Son/Daughter 	Undergraduate	Not-Taxable	Employee/Retiree must claim the student as a dependent on the employee's federal tax return for the year in which tuition remission is granted.
7. <u>Employee's/ Retiree's*:</u> <ul style="list-style-type: none"> • Son/Daughter • Stepson/Stepdaughter • Legally adopted Son/Daughter If Employee/Retiree is divorced/separated from child's other parent who claims child as a tax dependent	Undergraduate	Not-Taxable	Divorced/separated spouse must claim the student as a dependent on his/her federal tax return for the year in which tuition remission is granted to the employee/retiree.
8. <u>Employee's/Retiree's*:</u> <ul style="list-style-type: none"> • Spouse (recognized by MD law but not federal law, such as a same sex spouse), or • Son/Daughter; Stepson/Stepdaughter; or Legally adopted Son/Daughter if student is NOT described in any of the preceding categories Who is NOT A TAX DEPENDENT of Employee/Retiree for year benefits are received	Either	TAXABLE	ALL tuition remission for a child of any age not claimed as the employee's/retiree's tax dependent is taxable, except for a child of divorced or separated parents, (see row 7). All tuition remission for a same sex spouse who is not the employee's/retiree's tax dependent is taxable.

* Includes a deceased employee or deceased retiree

Note: This chart and Tuition Remission Policies VII-4.10 and VII-4.20 **DO NOT** apply to a Graduate Student who is a Teaching Assistant or Research Assistant