



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 some important information regarding the taxability of your health benefits. In some cases, the UC departmental contributions paid to the UC Postdoctoral Scholars benefits (health, dental, vision, life, disability, accidental death and dismemberment insurances) on your behalf, are considered taxable income or (imputed income) per US Internal Revenue Service (IRS) regulations. Benefits provided to the domestic partner of a postdoctoral fellow also are taxable whether or not the domestic partner qualifies as a dependent.

“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 taxes. However, the University’s withholding and reporting responsibilities regarding health benefits furnished to a fellowship recipient varies depending on whether the recipient is a U.S. citizen (including a resident alien) or a nonresident alien and are based on IRS regulations.

International Postdocs who invoke tax treaties will not be subject to imputed income for federal tax purposes only but the benefits will be reported on form 1042-S, and on form 592-B for California tax purposes. These statements are issued annually by March 15th. Please note that any imputed income billed for can potentially be refunded by the IRS upon filing an annual tax return.

The UC contribution paid towards health benefits will be taxed according to the following guidelines as required by the IRS:

Postdoc Employees (title code 3252):

- Benefits are not taxable unless the Postdoc Employee has a Domestic partner, if so just the UC contribution that pays for benefits of the Domestic Partner will be taxed.
- Please note that if your partnership is registered with the State of Ca, you will be exempt from California tax.

Postdoc Fellows (title code 3253) and Paid Directs (title code 3254):

- Benefits are taxable on the Employer paid portion of premiums for the Postdoc and covered dependents, as long as there is no concurrent Postdoc Employee (TC 3252) appointment.
- **“US Citizens” and other “Residents for US Tax Purposes” in 3253 or 3254:**
 - Postdoctoral Fellows (3253) and Paid Directs (3254) are required to self-report the total annual value of their fellowships, including benefits for themselves and their dependents, when they prepare their U.S. and California income tax returns.
- **Non-Resident Aliens (NRAs) in 3253 and 3254:**
 - NRAs subject to withholding of 14% (F, M, Q, and J Visa holders) and 30% for all others. Taxes will be withheld from stipends and reported on forms 1042-S and a 592-B.
 - NRAs who are Postdoc Paid Directs (3254) will be *billed* for their taxes and reported on forms 1042-S and 592-B, since their stipends ARE NOT paid by the University.

If you have any questions, please don’t hesitate to contact our office at 530-754-1829.

Best regards,

Kiran Samran
Director, Tax Reporting & Compliance