

2025 ORE Tax Workshop Notes

Disclaimer:

These notes are a summary of a tax workshop given by Dr. Emily Roberts and does not constitute tax advice.

Basics:

- All tax forms are numbered
- The main tax form you are expected to file is form 1040 (this is your tax return document)
- QEE (Qualified educational expense): certain education related expenses such as tuition, textbooks, etc.
- Your **tax liability** (the amount you owe) is your **income from all sources minus deductions**
 - o Assume that everything is taxable/all of your income is subject to tax
 - o Deductions reduce the income that you are required to pay taxes on

Big Takeaways:

- **Stipend, tuition remission, health insurance** are '**awarded income**' and should be treated as Tax Free Scholarships and Fellowships (TFSF)
 - o NOTE: **Tax Free does not mean this income is not taxable**, rather that the income is FICA exempt (e.g., social security and Medicare tax). This income is still subject to federal income tax and relevant state taxes
 - o TFSF excludes room and board, travel, research, clerical help, equipment
 - o This type of income is often reported on 1099 forms, which do not allow withholding
- Important information:
 - o W2 -> earned income, taxes withheld
 - Students on T32, T15, F31/32, etc. will not usually get one of these
 - Even if the school's stipend level exceeds the grant stipend level, **you will not typically receive a W2**, and all stipend income should be treated as a Tax Free Scholarship and Fellowship
 - Any withholding amount is automatically withheld from your paycheck and is applied your tax liability
 - Withholding is set by a W4 form, **which does not apply to awarded income**
 - o 1098T -> tuition remission and health insurance*

- *For students on grants such as T32, T15, F31/32, health insurance **may not be included and needs to be added separately**
 - Can be reported as a “qualified educational expense”
- Key boxes:
 - Box 5 -> Credits to your student account
 - Box 1 -> Charges/payment received
 - These boxes often, **but do not always** match (see point above)
- Student account
 - Provides a list of all charges on account
 - In cases where health insurance is not reported on the 1098T, the health insurance charges are listed here
- **Quarterly Tax Filing**
 - If your **tax liability is >\$1,000** higher than the amount withheld, you are required to pay quarterly estimated taxes the next year
 - **This is expected to be the case for students who do not receive a W2** (e.g., fellowship students), since no income is withheld
 - If you fail to do so, the IRS can charge you a penalty and interest on the unpaid balance

Proof-Reading your Tax Return

- Before filing your taxes, double check a couple numbers to catch simple errors
- You can usually inspect the filled out 1040 form on your tax software of choice before submitting
- W2 income goes on line 1
- Awarded income (stipend + 1098T box 5, etc.) - QEEs goes on form 1040 8R
 - NOTE: This number cannot be negative. If QEEs exceed awarded income, pursue other tax deductions such as LLC or AOTC (see form 8863)
- Withholding is listed on line 25a
- Estimated tax goes on line 26

Additional Tax Benefits

- There are two additional tax credits that may reduce your tax liability, but grad students often don't qualify
- NOTE: qualified educational expenses may only be applied to ONE of the three categories
- Lifetime Learning Credit (LLC)
 - Deduct up to \$2000 of qualified education expenses

- Excludes health insurance, student health fees, room and board and transportation
 - Includes tuition
- American Opportunity Tax Credit (AOTC)
 - Only first year grad students directly out of undergrad are eligible

Helpful Resources:

- [Freetaxusa](#) – cheap tool for filing taxes that has worked well for other grad students
 - Free federal filing, \$15 state filing
- [Smartasset](#) federal income tax estimator
 - Estimate expected tax burden
 - Broken down by federal income tax, FICA, and state tax
 - Grad students are generally exempt from FICA (social security and Medicare)
- [PFforPhDs.com](#) - Dr. Emily Roberts website with resources, workshops, podcast etc.