California State University SAN MARCOS

TUITION FEE WAIVER BENEFIT TRANSFERRED TO ELIGIBLE DEPENDENT TAXATION EXAMPLE

The Office of Human Resources | 333 So. Twin Oaks Valley Road ● San Marcos, CA 92096-0001 | (760)750-4418 | feewaiver@csusm.edu

Fee Waiver Taxation for Dependents

The Fee Waiver Program is a fringe benefit and as such has strict reporting requirements established by the Internal Revenue Service and the State of California Controller's Office. The reporting requirements state that the fringe benefit must be taxed in the calendar year that the benefit was received. The flat rate tax method is used to determine the amount of imputed tax and is reported as taxable income to the employee.

Tax Status Matrix for Dependent Students

Eligible Student is….	Undergraduate	Graduate / Credential
Employee's Spouse or Dependent	Nontaxable	Taxable
Employee's Domestic Partner	Taxable	Taxable

Dependent Fee Waived & Taxable Income Reported

Please note: Amounts listed below are for example only and are not actual amounts.

Estimated Flat Tax Rate: 36.25% (subject to change annually)

Example: Dependent in a Masters Program

Est. Fees Waived	Per Term	Times	Estimated Flat Tax Rate	Equals	Estimated Imputed Tax	Notes
$2,082	Spring	X	36.25%	=	754.73	To be deducted from a Spring paycheck for employee
$2,082	Fall	X	36.25%	=	754.73	To be deducted from a Fall paycheck for employee