

## Taxability of UC Contributions Paid Towards Residents and Fellows Benefits

In some cases, the UC departmental contributions paid to the UC GME Benefit Plans on your behalf are considered taxable income (or imputed income) per US Internal Revenue Service (IRS) regulations.

The University's withholding and reporting responsibilities regarding health benefits furnished to housestaff 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.

The following outlines roles/responsibilities of campus benefits, payroll, the stipend desk and housestaff.

- **Housestaff receiving pay from UCSF payroll system WILL NOT be subject to imputed income. This category includes:**
  - ACGME Residents (title codes R1 through R7)
  - Clinical Fellows receiving at least a portion of pay through UCSF payroll
  - Exception, UC contributions towards benefits for same-sex and opposite-sex Domestic Partners and/or dependents of Domestic Partners will be taxed according to state and federal guidelines.\*
- **Clinical Fellows *not* receiving pay through the UCSF payroll system will be subject to imputed income and the process by which taxes are paid and reported are based on U.S. tax status. This category includes:**
  - Clinical Fellows being paid solely from a source other than UCSF (i.e. training and research grants where paychecks are issued through the Stipend Desk, or foreign government, etc).
    - **If Fellows are “Residents” for US Tax Purposes (U.S. citizens, H1B visa holders, permanent residents):**
      - Fellows 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.
    - **If Fellows are ‘Non-Resident Aliens’ (NRAs) for U.S. Tax Purposes:**
      - UC departmental contributions towards benefits are taxable including benefits for Fellows and their dependents; subject to withholding 14% (F, M, Q, and J, Visa holders) and 30% for all others.
        - Non-Resident Alien Fellows receiving pay through the Stipend Desk:
          - Campus payroll sends reports to the Stipend Desk and the Stipend Desk withholds taxes. Taxes are reported on forms 1042-S and a 592-B.
        - Non-Resident Alien Fellows who are ‘Paid Directs’ (paid directly from the source; not the stipend desk):
          - The HR Office runs reports and sends to the payroll dept. The payroll office bills these Fellows every month for the taxes. Taxes are reported on forms 1042-S and 592-B.

\*If your same-sex or opposite-sex Domestic Partner and/or dependents are tax dependents, benefits will not be taxed. Benefits for same-sex Domestic Partnerships registered with the State of CA will not be taxed by the state of CA. Please note you must take a positive action to notify the University of your status or change in status to ensure appropriate taxation. Please complete the [Declaration of Domestic Partnership Form](#). And return the form to your Departmental Coordinator. Coordinators, please update the Insurance Database.