

IMPORTANT NOTICE ABOUT YOUR FEE WAIVER FOR 2016

If you are using the Staff/Faculty fee waiver to take graduate classes, and if the total fees waived for graduate classes are in excess of \$5,250 for the 2016 calendar year, the amount of fees waived above \$5,250 will be taxed. The amount over the limit will be added to your taxable gross income and additional withholding will be deducted from your paycheck; spring withholding will be taken from the May and June checks; fall will be taken from the November and December checks.

If you are taking only a few courses each semester, you may not exceed the maximum for the calendar year. Since employees may waive 18 credit hours per academic year (fall thru summer) using the fee waiver it is easy for individuals to meet and exceed the \$5,250 fee waiver limit.

If you are taking several graduate classes during the year, and anticipate you will have fees waived above the \$5,250 yearly maximum, it is possible to avoid taxes on the fees waived above \$5,250. If the graduate classes you are taking will help you in your current ISU position, AND your supervisor completes their section on the new waiver form regarding how this course will help in your job, the fees for these classes will not be added to your yearly maximum.

- *Acceptable Example:* This class will help with the budgeting responsibility.
- *Not Acceptable Example:* This class will help get a degree.

NOTE: Fees waived for undergraduate courses are not affected by this change.

Please see the revised staff fee waiver form with room for your supervisor to indicate how each graduate course can help you in your ISU position. If you are only taking a few graduate classes, and do not anticipate fee waivers of \$5,250 or more, you should not need to have your supervisor complete the supervisor section.

Please note: All fees waived for a spouse on graduate classes are taxable.

Person Receiving Benefits	Course Level	Benefit Type	Tax Consequences
Employee	Undergraduate	Tuition Waiver	Non-Taxable
Employee	Graduate	Tuition Waiver	Amount in Excess of \$5,250 is taxable
Spouse or Dependent	Undergraduate	Tuition Waiver	Non-Taxable
Spouse or Dependent	Graduate	Tuition Waiver	Subject to Taxation