

## Tax Q&A with Hopkins Credit Union CPA, Mr. Musumeci

Useful links from Mr. Musumeci:

- [IRS publication 970 Tax Benefits for Education](#)
- Interactive Tax Assistants
  - [Do I include my scholarship/fellowship/education grant as income?](#)
  - [Do I need to file a tax return?](#)
- Revenue Ruling 60-378 (IRC 117)
- [Maryland Administrative Release 37: Domicile and Residency](#)
- [NSF GRFP Administrative Guide for Fellows and Coordinating Officials](#)
- [NIH Research Training FAQs](#)
- [Social Security Administration US International Social Security Agreements](#)
- [Electronic Federal Tax Payment System](#)
- [Maryland Individual Taxpayer Online Service Center](#)

Mr. Musumeci's contact information:

Email: [jmusumeci@rowles.com](mailto:jmusumeci@rowles.com)  
Phone: 443-725-5395  
Secure: <https://secure.rowles.com/bds>

-----

Selected Pre-prepared questions:

- Where on my 1040 should I report my income (fellowship or W2)? Is it a scholarship or taxable income?
  - Definition of terms (in the IRS' eyes)
    - Fellowship - amount paid for the benefit or aid in pursuit of research
    - Scholarship - amount paid or allowed to aid in the pursuit of their studies
      - These two are confusing, but there are some tests you can do later to see if this is taxable
    - Form W-2 - information return about your income from your employer, if it's involved you'll report it
    - Taxable Income - money, property, or services; "taxable unless there's an exception" (i.e. scholarships, some other limited examples)
  - Taxable vs. Tax-Free
    - Terminology (i.e. fellowship/scholarship/stipend) doesn't matter
    - How do you tell?
      - Are you a candidate for a degree at an accredited institution?
      - It might be tax-free
    - More tests
      - Amount of \$\$ is used for other, non-education purposes (i.e. room and board)? Taxable!

- Tax-free if **not** in services for teaching or other services, even if it's required for the degree
  - NIH Core Scholarship Program - special exceptions
  - Some military/veteran have special exceptions
  - Example: \$2500 scholarship, to get it you need to teach (\$1000 for your teaching services). That \$1000 is taxable income. The remainder, if used for your educational pursuits (NOT ROOM AND BOARD), then it's NOT taxable income.
- IRS Publication 970 for educational people (Google-able)
- Interactive tax assistant (link above)
- Self-employment tax
  - What is it? Covers payroll taxes, medicare tax for other than wages
  - Do you owe it? Generally no, usually just income tax; this is usually from trade agreements
  - Does receiving a Form 1099-MISC trigger it? Not necessarily! Again, usually this is from trade agreements! (I.E. do you sell scarfs on etsy? Then you owe self-employment tax. Otherwise, this likely doesn't apply to you).
- Reporting this income
  - What do you exclude? Tax-free things (see definitions above and below)
  - Include everything taxable!
  - Use the interactive tax assistant if you need help!
- What are my options for filing (filling out the form yourself, online and paper, or something like TurboTax, tax preparer?)
  - Each are viable options
  - Paper vs Electronic filing
    - No mandate for one over the other
  - Purchased software- do due diligence, compare and choose what's right for you
  - Comes down to your comfort level (financially/emotionally)
  - International students: Glacier for non-residents/aliens
- What do we do with the 1095-B form for healthcare?
  - Has to do with the ACA (so things may change, but not this year (probably))
  - 1095-A if you bought from the marketplace
  - 1095-C is offer of coverage from your employer, you may get this and 1095-B
  - If you're covered by health insurance- check a box on your return
  - If not covered- complete 8965
- I made money in another state last year, how do I report this? Related: To which state are taxes owed when you live in Baltimore but are a permanent resident of a different state? Is it where the money is made or where you live?
  - Every state has its' own approach (groan)
  - Typically, you pay tax where you worked

- Apportionment (splitting up taxes, need to consider your situation & the states you worked in)
- Maryland: Residency - Administrative Release 37 (domicile vs residency); will affect what form you pay but likely not the \$\$
- Credit for tax paid in other states (PA, DC, VA, WV have special arrangements with MD in terms of taxes, pay attention to that if you live there)
- Unique situations
- How to report income from government fellowships such as NSF GRFP, NIH F31?
  - Loose guidelines exist on the respective websites
  - HOWEVER, it's likely that this is 100% taxable and you need to go back to our first rules. Get a form, report it. Don't get a form, pay quarterly taxes (see below).
- I'm an international student/trainee - do I need to file taxes in the US?
  -
- If I'm on a training grant and receive a stipend, how do I file taxes quarterly?
  - Yes you should make your quarterly payments otherwise you have to pay a fee
  - Use a tax calculator online
  - Helpful to find previous students who have done this and ask how much they paid

#### Questions:

- I went from a graduate student to a post-doc salary. How do I report my W-2?
  - If you get one W-2, report that. If you get two W-2, report those.
- What the hell with our 1098-T?
  - Even if you receive a W-2, you should probably report the numbers on the 1098-T, even if you never see that money. The IRS cares not exactly about dollars and cents, per say, but that money (that, granted, you don't see!) is considered some kind of "benefit" that you are receiving from Hopkins (fees not charged, etc.)
  - If you are concerned, consider calling the IRS tax hotline or looking at the IRS website for people earning an education
- I was only covered for the majority of the year for health insurance, what do I do?
  - Depends, it likely depends on the length of time that you were not covered
- I moved here partway into the year. Where am I really a resident?
  - Both places where you lived. A portion based on the length of the time that you lived here.

---

## FIRST YEAR STUDENTS

- Generally, you pay taxes where you worked. If you worked for half of the year in a different state, then you'll likely pay taxes on those wages for that state, then pay for your fellowship/grant/income in MD.
- You are considered a "partial" resident if you moved to Maryland partway through the year. You'll need to split your taxes based on the terms of your residency. This is only for certain taxes, such as taxes on your home- usually not your income tax.

## STUDENTS ON TRAINING GRANTS (i.e. you do NOT receive a W-2)

- If you're on a training grant (i.e. BCMB students, PMB students, other students whose program is on an NIH training grant- i.e. you receive a paycheck but DO NOT receive a W-2) you need to pay quarterly taxes. Use an online tool to estimate your payments and submit those payments here.
- If you receive the NSF GRFP grant or the NIH F31 grant, there are loose guidelines that exist (see above). However, it's extremely likely that this income is taxable, so act and plan accordingly.

## GENERIC STUDENT CONCERNS

- Every student will receive a 1098-T form. Although that money is "made up", you need to report those numbers to IRS. The difference in sum between the fellowships you receive and the "tuition" you pay is considered a "benefit" from the IRS, which is taxable.
  - This is applicable no matter how you receive your stipend.
- Certain expenses are tax-free; these are qualified educational expenses - books, computers, fees etc. used specifically for the advancement of your degree.
- Report the 1095-B form for healthcare- this usually just means checking off a box on your tax form that you