

August 2019

Procedural Memorandum

SUBJECT: Treatment of Graduate Student Stipends

It is the purpose of this Memorandum to establish the proper and uniform Wage Tax treatment of graduate student stipends.

Effective January 1, 2019, all universities that provide a stipend to a graduate student who renders any services whatsoever to the university, should be instructed to withhold Wage Tax on fifty percent of the dollar amount of the stipend. The fifty percent withholding policy applies regardless of the character or frequency of services rendered by a graduate student who receives a stipend.

Graduate students subject to fifty percent withholding may file a refund petition, if the fifty percent withholding policy does not accurately reflect the portion of the stipend that represents compensation for services rendered versus a grant.