Date: November 4, 2005

Re: Postdoctoral Fellowships
Tax Treatment for U.S. Citizens and
U.S. Permanent Residents (i.e., green-card holders)

Postdoctoral fellowship payments administered by Yale University constitute taxable income for federal and state of CT tax purposes. In most cases, postdoctoral fellows are required to pay federal and state quarterly estimated tax payments, as these payments are not subject to federal or state income tax withholding. Postdoctoral fellows should familiarize themselves with both the federal and state requirements for making quarterly estimated tax payments. Federal estimated tax information is available at www.irs.gov and State of CT estimated tax information is available at www.drs.state.ct.us.

Such fellowship payments are not wages and, therefore, are not subject to FICA (i.e., social security and Medicare) tax withholding. These fellowship payments are also not considered income from a trade or business and, thus, do not constitute net earnings from self-employment. Accordingly, these payments are not subject to the corresponding FICA tax imposed on self-employment income.

In January following the calendar year of payment, the University issues a Form 1099-MISC, *Miscellaneous Income*, to the Internal Revenue Service (IRS) and to the postdoctoral fellow. The Form 1099-MISC reports the amount of fellowship in box 3, *Other*, of the Form 1099-MISC.

---

1 IRS Revenue Ruling 60-378, 1960-2 CB 38