



University of California  
San Francisco

Yvonne Deshayes  
Manager - Payroll Services  
The Controller's Office  
1855 Folsom St, Suite 546  
San Francisco, CA 94143-0812  
Tel: 415-476-3169  
Fax: 415-502-1445  
yvonne.deshayes@ucsf.edu

April 30, 2007

Dear Resident/Clinical Fellow:

The payroll office would like to alert you to some important information regarding the taxability of your health benefits.

The UC departmental contributions paid to the health plan on your behalf are in some cases considered taxable income (or imputed income) per IRS regulations.

"Imputed income" is the term the IRS applies to the value of any benefit or service that should be considered income for the purpose of calculating federal taxes. The University's withholding and reporting responsibilities regarding health benefits furnished to a recipient varies depending on how the recipient is paid and whether the recipient is a resident for U.S. tax purposes (U.S. citizens, H1B visa holders, permanent residents) or a nonresident alien. The University of California is required by IRS regulations to implement this requirement.

**IMPORTANT INFORMATION:** The UC contribution paid towards health benefits will be taxed according to the following:

- **Housestaff receiving pay from the 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, if you have a domestic partner that is receiving benefits through UCSF, the contributions made by UC towards those benefits are taxable. \*
  - Individuals receiving pay outside the UCSF payroll system for just some months will be subject to imputed income on UC contributions towards benefits for the months pay is received outside the payroll system. If this applies to you, please see information below. \*\*
- **Clinical Fellows not receiving pay through the UCSF payroll system will be subject to imputed income:**
  - 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, foreign government, etc.).\*\*
  - Benefits are taxable on the employer-paid portion of premiums for Fellows and covered dependents based on U.S. tax status
    - If Fellows are residents for U.S. 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. Campus Payroll will be issuing statements at the completion of each calendar year with the total annual value of benefits. These statements will be mailed to the Fellow's campus address.



University of California  
San Francisco

Yvonne Deshayes  
Manager - Payroll Services  
The Controller's Office  
1855 Folsom St, Suite 546  
San Francisco, CA 94143-0812  
Tel: 415-476-3169  
Fax: 415-502-1445  
yvonne.deshayes@ucsf.edu

- **Clinical Fellows not receiving pay through the UCSF payroll system (*continued*):**
  - If Fellows are non-resident aliens:
    - Benefits are taxable on the employer-paid portion of premiums for Fellows and covered dependents; subject to withholding 14% for F, M, Q, or J visa holders; other Fellows are subject to 30% withholding.
      - Non-resident alien Fellows paid by stipend will have taxes withheld from stipends and reported on forms 1042-S and a 592-B.
      - Please note non-resident alien fellows that are "Paid Directs" (paid directly from the source, not Stipend Desk) will be *billed* for the taxes and reported on forms 1042-S and 592-B, since their stipends ARE NOT paid by the University.

Fellows that invoke tax treaties will not be subject to imputed income for federal purposes, but the benefits will be reported on form 1042-S and taxed for California purposes and reported on form 592-B.

If you have questions, please contact the following:

- For questions about how you are being paid or your title code, please contact your Program Coordinator for assistance.
- For general tax inquiries and IRS regulations, contact your tax advisor or [www.irs.gov](http://www.irs.gov), 1-800-829-4933, TDD 1-800-829-4059.
- For questions regarding the billing process for "Paid Directs," contact the Payroll Office: Delia Cavizo - [Delia.Cavizo@ucsf.edu](mailto:Delia.Cavizo@ucsf.edu).

Best Regards,

*Yvonne Deshayes*

Yvonne Deshayes  
Payroll Manager  
University of California San Francisco

\*If your domestic partner and/or domestic partner's dependents are tax dependents, benefits will not be taxed. If your domestic partnership is registered with the State of CA, you will not be taxed by the state of CA. If you believe you qualify for one of these tax exemptions, please complete the appropriate section on the attached form. <http://ucsfhr.ucsf.edu/files/Declaration%20of%20Tax%20Dependency%20and%20Declaration%20of%20Registration%20of%20Domestic%20Partnership%20in%20CA,%202007.pdf>

\*\*Individuals rotating out to SFGH are not subject to imputed income.