

FY26 Taxable Income for UNDERGRADUATE Tuition

EAP undergraduate tuition maximum per fiscal year, less tax-free tuition of \$5,250 per calendar year



Using **one** FY benefit
within one calendar year

MINIMUM Tax Liability and
Consistent use of EAP Benefits
each Academic Year

Using **two** FY benefits in
one calendar year

MAXIMUM Tax Liability and
Potentially Limited Availability of
EAP Benefits each Academic Year

January

Spring Semester
Begins

1st TUITION PAYMENT (prior FY)
\$5,904.50 for Spring Semester

February

March

Taxable Income Deductions for CYQ1

April

Taxable Income Deductions for CYQ1

May

Summer Sessions
Begin

June

Taxable Income Deductions for CYQ2

July

Taxable Income Deductions for CYQ2

TUITION PAYMENT(S)

\$6,145.00 for Fall Semester (or even
split for Fall/Spring matching up FY
benefit with AY)

August

Fall Semester
Begins

2nd TUITION PAYMENT (new FY)
\$6,145.00 for Fall Semester

September

Taxable Income Deductions for CYQ3

October

Taxable Income Deductions for CYQ3

November

December

Winter Sessions
Begins

Taxable Income Deductions for CYQ4

Taxable Income Deductions for CYQ4

Total Tax Liability:

\$6,145.00 less tax-free \$5,250.00
= **\$895.00**

Total Tax Liability:

\$12,049.50 less tax-free \$5,250.00
= **\$6,799.50**



EAP benefits available again
in the second half of the AY



No EAP benefits available
in the second half of the AY



FY26 Taxable Income for GRADUATE Tuition

EAP graduate tuition per fiscal year, less tax-free tuition of \$5,250 per calendar year



Using **one** FY benefit
within one calendar year

MINIMUM Tax Liability and
Consistent use of EAP Benefits
each Academic Year

Using **two** FY benefits in
one calendar year

MAXIMUM Tax Liability and
Potentially Limited Availability of
EAP Benefits each Academic Year

January
Spring Semester
Begins

1st TUITION PAYMENT (prior FY)
\$10,827.22 for Spring Semester

February

March

Taxable Income Deductions for CYQ1

April

Taxable Income Deductions for CYQ1

May
Summer Sessions
Begin

June

Taxable Income Deductions for CYQ2

July

Taxable Income Deductions for CYQ2

TUITION PAYMENT(S)
\$11,263.00 for Fall Semester (or
even split for Fall/Spring matching
up FY benefit with AY)

August
Fall Semester
Begins

2nd TUITION PAYMENT (new FY)
\$11,263.00 for Fall Semester

September

Taxable Income Deductions for CYQ3

October

Taxable Income Deductions for CYQ3

November

Taxable Income Deductions for CYQ4

December
Winter Sessions
Begins

Taxable Income Deductions for CYQ4

Total Tax Liability:
\$11,263.00 less tax-free \$5,250.00
= **\$6,013.00**

Total Tax Liability:
\$22,090.22 less tax-free \$5,250.00
= **\$16,840.22 (nearly 3x as much)**

✓ EAP benefits available again
in the second half of the AY ✓

⊘ No EAP benefits available
in the second half of the AY ⊘

Strategies to Maximize your EAP Tuition Benefits and Minimize Tax Liability and Tax Payments



Plan ahead to maximize your EAP tuition benefits.

1. **Understand your eligibility and account for what you have already used.** The amount of EAP benefits for tuition are inclusive of, **not in addition to**, the standard EAP benefits for regular professional development. For example, if you have already attended a conference and later decide to enroll in an undergraduate or graduate program, you are eligible for tuition benefits up to the applicable FY maximum, less what has already been spent on other approved professional development for that FY. Any additional funds that your department may be paying towards your tuition and these amounts **MUST** be reported to HRSTM for taxable income tracking purposes.
2. **Carefully consider when to start your program.** Confirm when your program begins and how starting your program outside of the traditional academic year cycle (i.e., Fall semester) could affect your benefits eligibility and your tax liability for a single calendar year.
3. **Consider in-state versus out-of-state tuition.** EAP tuition benefits are based on UMD in-state rates, so keep this in mind to keep your out-of-pocket costs down.
4. **Align FY EAP benefits with the AY.** Refrain from using benefits for two separate FYs in the same CY.
5. **Consider spreading out when your tuition is paid.** Taxable tuition in excess of the IRS tax-free limit is processed on a quarterly basis, and applicable taxes are withheld from your paycheck. Submit your request for payment or reimbursement by the quarter to spread out your tax payments in multiple quarters. For example, if you are paying for your tuition in January, submit a partial Expense Report for reimbursement by March 31 for the Q1 processing deadline and then a second Expense Report for reimbursement by June 30 for the Q2 processing deadline.

Graduate Tuition Taxation:

Difference between using one fiscal year (FY) benefit in a calendar year (CY), versus using two FY benefits in a CY

Total CY Tax Liability for one FY benefit:

\$11,263.00 less tax-free \$5,250.00
= **\$6,013.00**

Split into two (2) taxable tuition installments of \$3,006.50 if submitted in one quarter

Total CY Tax Liability for two FY benefits:

\$22,090.22 less tax-free \$5,250.00 =
\$16,840.22 (nearly 3x as much)

Split into two (2) taxable tuition installments of \$2,788.61 in the first FY quarter

Then, split into two (2) taxable tuition installments of \$5,631.50 in the second FY quarter