

## Guide to Post-Doctoral Appointments (Revised July 1, 2023)

Following the revocation of an IRS Private Letter Ruling, the University has revised procedures regarding the withholding of taxes on stipends in order to ensure compliance with Federal, Pennsylvania and Philadelphia taxing authorities. The IRS has deemed that stipends paid to non-NRSA post-doctoral fellows and researchers are compensatory in nature and are “wages” for Federal income and FICA tax withholding. Stipends paid to NRSA post-doctoral fellows continue to be considered non-compensatory and are therefore not “wages” for Federal income or FICA tax withholding purposes. Taxability/object code assignments for other payments such as one time payments for housing allowances or awards follow University guidelines. For additional guidance, refer to the [Postdoc Structure in Workday](#) and the [Postdoc Reappointment – Supplementary Guidance](#) tip sheets.

All post-doctoral stipends are taxable for Pennsylvania personal income tax and subject to withholding because such payments do not meet all of the fifteen conditions specified by the Pennsylvania Code for exclusion. The stipends are also taxable for Pennsylvania State Unemployment tax. The current rates for Pennsylvania state income tax and state unemployment tax can be found on the Tax & International Operations Website at: <https://www.finance.upenn.edu/individual-tax>.

In addition, all post-doctoral stipends are subject to City of Philadelphia wage taxes and withholding. The Philadelphia Income Tax Regulations do not provide any specific exclusion from gross income for stipends or similar payments to graduate students. The current Philadelphia tax rates can be found on the Tax & International Operations Website at: <https://www.finance.upenn.edu/individual-tax>.

Although no Federal reporting or withholding is required for NRSA postdoctoral appointments, the individual must report and pay federal income tax on any payments in excess of tuition, fees, books, and certain other expenses. For additional information regarding an individual's responsibility for reporting such payments, please consult IRS Publication 970: Tax Benefits for Education. Further, there are special rules for nonresident aliens. For more information on tax treatment for nonresident aliens, please consult the IRS Publication 519: U.S. Tax Guide for Aliens.

### Post-Doctoral Appointments

**Post-Doctoral Researcher** - A Post-Doctoral Researcher is an individual who comes to the University for the principal purpose of furthering his/her personal development by engaging in research programs. A post-doctoral researcher holds a post-baccalaureate degree, normally the highest degree earned in the field. The normal source of funding is a research grant. The Post-Doctoral Researcher's stipend is subject to Federal, FICA, Medicare, State, Local and State Unemployment Compensation taxes. The part-time EB rate will be charged for this position. Post-Doctoral Researchers with a visa type of H1, O1, E3 or TN are included in this category.

The following information should be entered into Workday for Post-Doctoral Researchers:

Job Profile	Job Profile Description	Object Code (assigned by Workday)
217500	Postdoctoral Researcher	5064

**Non-NRSA Post-Doctoral Fellow** - A Non-NRSA Post-Doctoral Fellow is an individual who comes to the University for the principal purpose of furthering his/her personal development through participation in advanced training programs. The post-doctoral fellow holds a post-baccalaureate degree, normally the

highest degree earned in the field. Funding is provided by a private foundation or non-profit charitable organization such as the American Heart Association, American Cancer Society, and similar type organizations. A Non-NRSA Post-Doctoral Fellow's stipend may not be supplemented by funding from a research grant. A Non-NRSA Post-Doctoral Fellow's stipend is subject to Federal, FICA, Medicare, State, Local and State Unemployment Compensation taxes. The part-time EB rate will be charged for this position. Non-NRSA Post-Doctoral Fellows with a visa type of H1, O1, E3 or TN are included in this category. The following information should be entered into Workday for Non-NRSA Post-Doctoral Fellows:

<b>Job Profile</b>	<b>Job Profile Description</b>	<b>Object Code (assigned by Workday)</b>
217603	Non-NRSA Postdoctoral Fellow	5065

**NRSA Post-Doctoral Fellow** - NRSA Post-Doctoral Fellows are individuals who come to the University for the principal purpose of furthering their personal development through participation in advanced training programs. They hold post-baccalaureate degrees, normally the highest degree earned in the field. The source of funding is an individual or institutional National Research Service Award from the federal government to support the individual's training. An NRSA Post-Doctoral Fellow's stipend is subject to State, Local and State Unemployment Compensation taxes. No EB rate will be charged for this position.

The following information should be entered into Workday for NRSA Post-Doctoral Fellows:

<b>Job Profile</b>	<b>Job Profile Description</b>	<b>Object Code (assigned by Workday)</b>
217703	Postdoctoral NRSA Fellow	5043

Compensation paid to NRSA Post-Doctoral Fellows via the non-NRSA Allowance Plan will be charged to object code 5063 and subject to the Part-time EB rate. Base compensation will be charged to 5043, for which no EB rate will be charged.

Business administrators should exercise care in assigning post-doctoral candidates to these categories. Any questions concerning the taxability of an award should be directed to The Penn Employee Solution Center at (215) 898-7372. Questions concerning the guidelines of governmental or private agency post-doctoral awards should be directed to the Office of Research Administration (215) 898-7293. Failure to follow these guidelines could result in the University's facing an unwarranted tax liability for which the school or department shall be held responsible.

---