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# nature jobs

## Cracking the tax code

Apart from being the day designated for practical jokes, 1 April offers another reason for heightened paranoia — it means that there are just two weeks left for filing US tax forms. But some US postdocs may have reason to celebrate, rather than fear, this deadline.

According to a survey of postdocs by the scientific research society Sigma Xi, of Research Triangle Park, North Carolina, about half the recipients of National Research Service Awards (NRSAs) who were queried turned out to be paying thousands of dollars in unnecessary social-security contributions. As a result they may qualify for refunds.

How has this happened? It is all down to the changing tax status of fellowship funding. About 25 years ago, the US Internal Revenue Service said that stipends counted as taxable income. That decision was reversed in the early 1980s, but not all universities — which administer this federal money — got the message. As a result, the tax status of postdocs has been assessed in one of three different ways.

If the stipend is seen as a wage, then the institution generally withholds social-security contributions. If the

university views the fellows as independent contractors, then it doesn't withhold social-security contributions but subjects the fellows to self-employment tax. And if the university treats fellows as fellows, the postdocs have no social-security tax liability.

Nearly half of the NRSA fellows surveyed by Sigma Xi were treated — erroneously — under the first category, and another 15% were wrongly taxed as independent contractors. If these figures are extrapolated to all 1,500 NRSA fellows, then collectively they have been overtaxed by about \$2.8 million per year, says Geoff Davis, author of Sigma Xi's survey.

So now is a good time for NRSA fellows to check their pay stubs to see whether they have had social-security taxes withheld. If the joke's been on them, then it's time to turn the tables and have the last laugh.



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