TAX PAYMENT CALENDAR

SEPTEMBER 2013

Date		Completed
Payroll Date / Deposit Date Aug 28 - 30 / Sept 5 31 - Sept 3 / 6 Sept. 4 - 6 / 11 7 - 10 / 13 11 - 13 / 18 14 - 17 / 20 18 - 20 / 25 21 - 24 / 27 25 - 27 / Oct 2 28 - 30 / 4	Semi-Weekly Payroll Tax Deposits. Employers that are semi-weekly depositors generally must deposit taxes withheld and FICA taxes on payrolls paid on Wednesday, Thursday or Friday on or before the following Wednesday, and deposit taxes from payments on other days on or before the following Friday. Deposit electronically. Indicate Form 941, Federal Tax Deposit, and third quarter.	
2	Labor Day.	
2	US Treasury Department Anniversary.	
11	Patriot Day.	
12	Michigan sales and use tax deposit for month of August to claim early payment discount.	
13 – 15	Grand Haven Salmon Festival – Downtown Waterfront.	
16	Employers that are monthly depositors must deposit taxes withheld and FICA taxes on payrolls paid during August. Deposit electronically. Indicate Form 941, Federal Tax Deposit, and third quarter.	
16	Corporations with fiscal year ending September 30, December 31, March 31, or May 31: • Deposit estimated federal income tax electronically. Indicate Form 1120 and Federal Tax Deposit.	
16	Corporations with fiscal year ending June 30: • Federal Income Tax Return - Form 1120 or 1120-S. • Deposit balance of tax due electronically. Indicate Form 1120 and Balance Due on Return. • Pay accrued compensation, charitable contributions, retirement plan contributions, etc.	
16	Corporations with fiscal year ending November 30, February 28, May 31, or August 31: • Pay CIT estimate to State of Michigan.	
16	Third voucher due for individual income tax estimates - both State and Federal.	
17	Anniversary of the US Constitution.	
20	Michigan combined Sales, Use, Withholding and CIT Estimate Return for the month ended August 31.	
22	Autumn begins at 4:44 PM, EDT.	
28	Holland Hospital Park2Park – ½ Marathon & 5K, Ottawa County Fairgrounds.	
30	Corporations with fiscal year ending May 31: • File CIT return and pay balance due to State of Michigan.	

AUGUST

SU	M	T	W	TH	F	SA
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

SEPTEMBER

SU	**M**	**T**	**W**	**TH**	**F**	**SA**
1	**2**	**3**	**4**	**5**	**6**	**7**
8	**9**	**10**	**11**	**12**	**13**	**14**
15	**16**	**17**	**18**	**19**	**20**	**21**
22	**23**	**24**	**25**	**26**	**27**	**28**
29	**30**					

OCTOBER

SU	M	T	W	TH	F	SA
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

September 2013

TAXATION OF COLLEGE FINANCIAL AID

With the start of another school year, now is a good time to summarize the federal income tax rules that apply to the most common types of financial aid received by college-age students.

The first thing to keep in mind is that the economic characteristics of financial aid, rather than how it is titled, determine how it's treated for federal income tax purposes. In particular, the terms *scholarship*, *fellowship*, and *grant* are often used loosely. Strictly speaking, scholarships, fellowships, and grants are awards of "free money" and come to students as nontaxable financial assistance. However, these terms are also sometimes used to describe arrangements involving obligations to provide services, in which case the payments are compensation for employment.

Scholarships, fellowships, and grants are awarded based on the student's financial need (for example, federal Pell grants) or are based on scholastic achievement and merit (for example, grants provided by colleges themselves and by corporations and other organizations). For federal income tax purposes these awards are nontaxable as long as (1) the recipient is a degree candidate, (2) the award does not exceed the recipient's "qualified tuition and related expenses" (tuition and enrollment fees, books, supplies, and equipment required for courses, but *not* room and board or incidental expenses) for the year, (3) the agreement does not expressly designate the funds for other purposes (such as room and board or incidental expenses) or prohibit the use of the funds for qualified education expenses, and (4) the award is not conditioned on the student performing services (teaching, research, or anything else).

The recipient must establish that the money was actually used for the intended purposes. This does not require the student to trace the actual use of awards. The funds are automatically assumed to be used for qualified tuition and related expenses up to the net amount of such expenses paid by the student (after reduction for other awards and any tuition reductions). Awards in excess of the student's net qualified tuition and related expenses count as taxable income. To ensure tax-free treatment, students should keep records of their outlays for qualified tuition and related expenses. If financial aid is described as a scholarship, fellowship, or grant, but is conditioned on the student performing services, the amount that represents payment for such services is taxable income. The provider of the financial aid is responsible for determining the proper amount treated as a taxable payment for services and reporting it to the student (on Form W-2 or Form 1099).

Work-study programs are a form of financial aid in which students are given jobs to help pay for their college education. Students typically work for the school they're attending. However, they could work for other employers under the auspices of a work-study program. Sometimes the work is integrated with the curriculum, sometimes not. Regardless of the nature of the work-study program, though, the student's earnings count as taxable compensation for federal income tax purposes.

Even though some forms of financial aid are taxable, this doesn't necessarily mean a student will owe any federal income tax. Fortunately, taxable scholarships, fellowships, and grants, and taxable compensation from employment (for example, via a work-study program) count as earned income. Single taxpayers who are not dependents can offset earned income with their personal exemption ($3,900 for 2013) and standard deduction ($6,100 for 2013). Together these two breaks can shelter up to $10,000 of 2013 earned income. However, a student is much more likely to owe taxes when taxable financial aid is received while the student is still claimed as dependent on another person's return (typically a parent's). In this case, the student is *not* entitled to a personal exemption. Also, the student's standard deduction is limited to the greater of (1) $1,000 or (2) earned income plus $350 up to the $6,100 maximum for a single taxpayer. Since taxable scholarships, fellowships, grants, and compensation count as earned income, they increase the student's standard deduction.