


CONTROLLER'S OFFICE – OPERATING PROCEDURES

	Title:	Student Travel Awards/Grants/Scholarships/Fellowships & Reimbursements
	Purpose:	To distinguish between student travel that is considered a reimbursement and student travel that is considered a scholarship.

Reimbursements are not reportable to the Internal Revenue Service (IRS) as income to the student if the student can document that the reimbursement:

- Directly supports a faculty member's project or research program, or
- Is related to presenting at a conference on behalf of FAU, or
- Is official university business.

Any reimbursement to an undergraduate or graduate student which does not meet one of the criteria will be treated as scholarship income to the recipient and reported on the IRS Form 1098-T/Tuition Statement. However, nonresident aliens for U.S. tax purposes are required to have a 14% federal withholding (assuming F-1 or J-1 visa) and the payment will be reported as scholarship income on Form 1042-S. It is the recipient's responsibility to maintain records for these scholarship payments.

Student reimbursements are of a complex nature and the below explanations are not inclusive and determinations may need to be made on an individual basis.

Nontaxable, Non-reportable Student Reimbursement

Any nontaxable, non-reportable student reimbursement to an undergraduate or graduate student will be performed via the External Committee Member (ECM) payment process and is considered a one-time payment. Reimbursement is only via check.

The student travel payment is generally considered reimbursement (nontaxable, non-reportable) if:

- The primary purpose and original intent is for the University to obtain useful results from the project/research;
- Results or research will be used by the University;
- Research is performed to fulfill University's obligations to outside funding entity; and/or
- Student is presenting or actively participating in a conference or competition on behalf of the University.

Examples of nontaxable, non-reportable reimbursements:

- Student travels to Texas to represent the University in a scholastic competition.
- Student travels to Michigan to present at a conference, where the student's name is published (poster, website, brochure) as a presenter/contributor at the conference.
- Student travels to China to perform research, which happens to be the topic of her dissertation. The University would otherwise perform research on this topic, regardless of the student's research – the University is the primary beneficiary.

Taxable, Reportable Student Reimbursement Reported on IRS Form 1098-T or IRS Form 1042-S

Any taxable, reportable student reimbursement to an undergraduate or graduate student will be performed via the TBS Stipend Request Form <http://www.fau.edu/controller/student-services/forms/> and paid as a student refund from the student's account. Address and method of payment (check or ACH) are based on the student-provided information sourced from the student's owl account.

The student travel payment is generally considered to be scholarship (taxable, reportable) if:

- Reimbursement is made for activities in which the University is relatively disinterested or the research is student led;
- The project/research's primary purpose and original intent is to further the student's education or training;
- The University obtains little or no benefit; and/or
- Activities are performed to contribute to the development of the skills needed in the student's studies.

Examples of Taxable Travel Awards/Grants/Scholarships/Fellowships:

- Student travels to the United Kingdom for dissertation research which is not research the University would otherwise conduct – the student dissertation is the primary purpose of the travel – the student is the primary beneficiary.
- Student travels to a conference in Mexico as an attendee to network and does not present/contribute in official capacity.
- Student travels to China for Mandarin language training which will assist in language proficiency needed for degree. This is supplemental work that the student may need to succeed, but it is not a required part of the degree.

*Student reimbursements that are considered to be a scholarship and are paid as a student refund from the students' account, will be applied to **any past due balances** on the student account before reimbursement (not future balances, i.e. in November we post Spring registration fees to student accounts).*

Taxes and Reporting:

Domestic Students (includes U.S. Citizens, permanent residents and residents for tax)

Business related reimbursements are considered non-reportable or nontaxable income.

Scholarship/fellowship payments are considered reportable or taxable income, however there is no tax withholding requirement for scholarship/fellowship payments. Scholarship/fellowship income is reported on the IRS Form 1098-T/Tuition Statement Informational Return and is not reported on a tax document (e.g. IRS Form W-2 or 1099-MISC) but is considered to be self-reported income per IRS publication 970. Students may be required to pay estimated quarterly taxes to federal and state tax authorities on this income. Please seek advice from your personal tax advisor regarding this if needed.

International Students (nonresident aliens for U.S. tax purposes)

Business related reimbursements are considered non-reportable or nontaxable income.

Scholarship/fellowship payments are considered reportable or taxable income, however assuming F-1 or J-1 visa, there is a 14% federal tax withholding on scholarship/fellowship payments, and this income is reportable and taxable income to the recipient. This income is reported on IRS Form 1042-S. Students may be required to pay estimated quarterly taxes to federal and state tax authorities on this income. Please seek advice from your personal tax advisor regarding this if needed.