



## Procedures for Scholarship and Fellowship Payments to Foreign Nationals

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- Departments should ensure that its scholarship recipients follow outlined procedures properly
- "Scholarships," "Fellowships," "Grants," "Participant Support allowance" or "Stipends" have interchangeable meaning in this policy.

**WITHHOLDING TAX:** Scholarship payments for Nonresident Aliens are subject to the withholding of tax at 30% statutory rate (14% for F-1, J-1, M-1, or Q-1 visa holders), unless a tax treaty or an Internal Revenue Code exemption applies.

### NOT WITHHOLDABLE AND NOT REPORTABLE SCHOLARSHIP PAYMENTS:

- ✓ **Qualified scholarships** – an amount paid and used for tuition and fees required for enrollment or fees required to attend an accredited educational institution and required course related fees, paid directly to the Student Accounts.
- ✓ **Foreign funded scholarships** – scholarships from sources outside the United States and managed by the foreign payors.
- ✓ **Scholarships to support educational activities outside of the U.S.** - paid by a resident of the United States to a nonresident alien who conducts his study, training, or research outside of the United States. Obtain [W-8Ben](#) form and [the Statement for Independent Educational Activities Performed outside of the United States](#).

**WITHHOLDABLE AND REPORTABLE SCHOLARSHIP PAYMENTS** - At the end of the calendar year, non-resident alien students will receive an [IRS Form 1042s](#) and must report all honorarium payments to the Internal Revenue Service.

- ✓ **Nonqualified scholarships or fellowships** – an amount paid and used for anything other than tuition and required fees (travel, room, and board expenses, equipment and supplies not required for courses).
- ✓ **Prizes/ awards** – an amount given to, or for the benefit of an individual based on his or her past accomplishment or activity.

### DOCUMENTS REQUIRED TO PROCESS SCHOLARSHIP PAYMENT TO FOREIGN NATIONAL

Foreign students receiving a scholarship payment from Mason should make an appointment to visit the International Tax Office in Fiscal Services before the payment can be approved. Visitor should bring immigration documents to the appointment (see chart below on pg.2). In rare cases, when the visit is not feasible (only for Non-Mason event attendees receiving scholarships or support allowance payments), see the list of required documents below. Please note that if appointment is not attended, International Tax Office will not grant any tax treaty benefits to the payee, because additional tax documents are required.

**Department is required to obtain the following documents from the student, if the appointment is not completed:**

1. [Foreign National Information Form](#) (paper format)
2. **Copies of immigration documents**
  - a. **Passport page** with passport number and expiration date.
  - b. **Copy of visa.**
  - c. **Copy of I-94** departure record.
  - d. **Copy of stamped page in passport** showing entry date and immigration status the inspector allowed the visitor to enter.
  - e. **J-1 visa - DS2019 form, F-1 visa - I-20 form, F-1 OPT - Employment Authorization Document, other applicable immigration form that proofs individual's immigration status.**
3. **IRS Tax Documents** - Complete and sign the IRS forms [W-8BEN](#) and/or [W-9](#). The Tax Coordinator will determine the appropriate form needed when processing the payment. (If visitor knows his/her tax status, he/she may provide only the appropriate form).

**Department is required to provide the following documents to support ANY scholarship request to foreign national:**

1. **Completed Scholarship Payment Request.**
2. **Award Letter.**

**IMPORTANT:** All documents must be submitted as one file to the [Accounts Payable at MS 3C1](#). Without ALL required documents, scholarship payment will not qualify for any exemptions, tax treaty benefits, and/or rate reductions and will be the subject to tax withholding at the 30% rate.

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