

Common Payments Made to Students and Non-employees

<p>START</p> <p>Is this payment for required tuition and fees for a degree program?</p> <p style="text-align: center; color: green; font-weight: bold; font-size: 1.2em;">YES</p>	<p>Is this a payment based on a past accomplishment (e.g., delivering the best presentation, etc.)?</p> <p style="text-align: center; color: red; font-weight: bold; font-size: 1.2em;">No</p> <p style="text-align: center; color: green; font-weight: bold; font-size: 1.2em;">YES</p>	<p>Does this payment require the recipient to perform services for GMU (e.g., teaching, speaking)?</p> <p style="text-align: center; color: red; font-weight: bold; font-size: 1.2em;">No</p> <p style="text-align: center; color: green; font-weight: bold; font-size: 1.2em;">YES</p>	<p>Is this payment for personal research/scholarship or living support (room and board, etc.)?</p> <p style="text-align: center; color: red; font-weight: bold; font-size: 1.2em;">No</p> <p style="text-align: center; color: green; font-weight: bold; font-size: 1.2em;">YES</p>	<p>Is this payment to reimburse travel or other expenses?</p> <p style="text-align: center; color: red; font-weight: bold; font-size: 1.2em;">No</p> <p style="text-align: center; color: green; font-weight: bold; font-size: 1.2em;">YES</p>	<p><i>You need more information. Please email inttax@gmu.edu with a detailed description of the payment</i></p>
<p>This payment is a QUALIFIED¹ (nontaxable) SCHOLARSHIP²/FELLOWSHIP³</p>	<p>This payment is a PRIZE⁴ (reportable/taxable) on 1099⁹ form, if >=\$600 or 1042-S¹⁰ (any amount) with 30% tax withholding⁷ if paid to a Non-Resident Alien</p>	<p>This is a reportable SERVICE PAYMENT⁵ (reportable/taxable) on 1099⁹ form, if >=\$600 or 1042-S¹⁰ (any amount) with 30% tax withholding⁷ if paid to a Non-Resident Alien</p>	<p>This is NON-QUALIFIED⁶ SCHOLARSHIP/FELLOWSHIP PAYMENT (taxable/ might be reportable), or 1042-S¹⁰ (any amount) with 30% tax withholding⁷ if paid to a Non-Resident Alien</p>	<p>See the chart below</p>	

Tax Withholding for Travel Reimbursement⁸

Follow procedures as outlined by the [Travel Policies and Procedures Manual](#) and [Procedures for Travel Reimbursements to Foreign Nationals](#)

<p>Is the expense a “pass through course cost” for a student enrolled in a degree program?</p> <p style="text-align: center; color: green; font-weight: bold; font-size: 1.2em;">YES</p>	<p>Is the expense appropriate to charge to a faculty member’s grant funds or to other departmental funds; or</p> <p>Are the expenses incurred in the course of activity where the purpose and original intent is for the University to obtain useful results from the project/research; or</p> <p>Are the expenses incurred in the course of activity where results or research will be used by the University; or</p> <p>Are the expenses incurred in the course of activities that advance research or scholarship supported by a GMU department?</p> <p>Example: “expenses in direct support of GMU research – J. Smith presenting on behalf of Professor Jones at 2014 APA conference, Chicago 09/28/2014”</p> <p style="text-align: center; color: green; font-weight: bold; font-size: 1.2em;">YES</p>	<p>This is a NON-QUALIFIED (taxable) FELLOWSHIP payment, or “Other Income” Payment.</p> <p>For U.S citizens, Permanent Residents, Resident Alien: Not subject to tax withholding. Might be subject to reporting on 1099⁹ form, if >=\$600.</p> <p>For Non Resident Aliens: Taxable/ Reportable on 1042-S¹⁰ (any amount) with 30% tax withholding⁷, unless a tax treaty or reduced rate applies.</p> <p>Example: “Fellowship payment: summer 2014 travel award for B. Kimball, 6/28/14”</p> <p style="text-align: center; color: red; font-weight: bold; font-size: 1.2em;">No</p>
<p>This is a NONTAXABLE REIMBURSEMENT</p>		

Definitions

1. **Qualified:** does not constitute gross income to the recipient.
2. **Scholarship:** money paid directly to or for the benefit of a student at an educational institution to aid in the pursuit of studies
3. **Fellowship:** an amount paid to or for the benefit of an individual to aid in the pursuit of study or research. At GMU, fellowships are also called awards, stipends, grants, and allowances. Fellowships can either be **qualified (meaning nontaxable)** or **non-qualified (meaning taxable)** to the recipient, and can be paid to undergraduate and graduate and students, non-employee postdocs/fellows, visiting scholars, and other nonstudents.
4. **Prizes:** Amounts awarded in recognition of a past service or accomplishment, like earning the highest GPA or winning a business plan competition. Prizes always represent gross income to the recipient.
5. **Service Payment:** is cash or other value transferred to a non-employee as compensation for services provided to the University.
6. **Non-qualified:** constitutes gross income to the recipient.
7. **Tax Withholding:** On certain payments, the IRS requires GMU to take out an amount for taxes up front. Statutory tax rate of 30%, unless a tax treaty or reduced rate applies.
8. **Reimbursement:** a payment that GMU makes to repay an individual for bona fide University business expenses that the individual has already incurred on GMU's behalf.
9. **IRS Form 1099:** one of several IRS tax forms used in the United States to prepare and file an information return to report various types of income other than wages, salaries, and tips. This form is being issued to U.S. Citizens, Lawful Permanent Residents, and Resident Aliens.
10. **IRS Form 1042-S:** IRS tax forms dealing with payments to foreign persons, including non-resident aliens, foreign partnerships, foreign corporations, foreign estates, and foreign trusts.