

The definitions provided in this document supersede all prior definitions.

Responsible University Official: Vice President for Student Financial Services

Responsible Office: Student Financial Services

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PAYMENTS TO STUDENTS AND THEIR TAXABILITY

Policy Statement

Columbia University makes various payments to students for tuition and fees, teaching, research, and other education-related activities. In awarding and processing such payments, care must be taken to classify these payments correctly for tax purposes. This policy addresses types of payments made to both graduate and undergraduate students, including scholarships, fellowships, stipends, prizes and awards, compensation for services, drawings, refunds and reimbursements. Additionally, this policy defines which type of payment is taxable income to the student and which payments the University must report to the Internal Revenue Service (IRS).

Reporting and taxation of student payments are governed by the Internal Revenue Code and Treasury Regulations and enforced by the Internal Revenue Service (IRS).

For example, scholarships/fellowships are not taxable to the extent they do not exceed the cost of tuition and fees, or course-required expenses (*fees, books, supplies, equipment*) and the student is a candidate for a degree. These non-taxable amounts are called **qualified education expenses**. Amounts in excess of qualified education expenses are taxable to the student, such as room/board, travel, research, living allowance, etc., and are called **non-qualified education expenses**.

Reason for Policy/Purpose

The purpose of this policy is to explain how to categorize payments made to students in support of their education-related activities. For example, a stipend is paid as a living allowance, and includes payments other than those defined as non-taxable fellowships (**non-qualified educational expense**). *In no instance is a stipend a payment involving services related to work.*

This document outlines procedures to be used and clarifies the income tax implications for receiving such payments. For the full policy and guidelines, visit <http://sfs.columbia.edu/stipend>.

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Policy Summary Overview: Payments to Students

Definitions

Fellowship

This term is used interchangeably with the term “scholarship” by the Internal Revenue Service (IRS) to refer to both taxable and non-taxable payments to students. There are three classifications:

- i. Qualified
- ii. Non-Qualified
- iii. Trainee

i. *Qualified Scholarship/Fellowship*

This category includes payments to the student (those in a degree program) or credits to a student’s account used only for “qualified tuition and related expenses,” which are limited to tuition and required fees, books, supplies, or equipment. Qualified fellowships are not taxable income to the student. Qualified awards do not exceed stated tuition and fees amounts. Qualified scholarships and fellowships are reported by the University on Form 1098-T. Reporting is not required on a 1042-S. Income Code 15, Exemption Code 2 (1042-S) for international students.

ii. *Non-Qualified Scholarship/Fellowship*

A non-qualified scholarship or fellowship is a scholarship/fellowship payment used for expenses that are not qualified tuition or related expenses (e.g. amounts used to pay optional fees, room, board, travel and personal expenses). All non-qualified scholarship/fellowship payments are potentially subject to income tax withholding and subject to reporting on IRS Form 1098-T or IRS Form 1042-S. The student should always maintain the documentation necessary to support information reported to the Internal Revenue Service (IRS).

a. Prizes and Awards

Prizes and awards are payments in recognition of charitable, scientific, educational, artistic, literary, or civic achievement, or are received as the result of entering a contest. Recipients are selected based on their actions to enter a contest, competition or proceeding. Drawing gifts or monetary payments are also classified as prizes. Prizes and awards are always taxable. If certain dollar thresholds are satisfied, the University will report the prize or award to the IRS and the student on IRS Form 1099-MISC, Miscellaneous Income: <http://www.irs.gov/instructions/i1099misc/ar02.html>, or on IRS Form 1042-S, Foreign Person’s U.S. Source Income Subject to Withholding: <http://www.irs.gov/pub/irs-pdf/f1042s.pdf>.

b. Stipend

This term describes a living allowance and is generally taxable. In no instance is a stipend a payment involving services as it relates to work. Stipends include payments to the student or credits to a student’s account other than those defined as non-taxable fellowships. The credit results in the issuance of a check through Accounts Payable or Payroll. The funds may be considered taxable income to the recipient, but are *not* reported as taxable income by the University on Forms W-2, 1098T, 1042-S (reporting for Non-Resident Aliens, “NRAs”) or 1099-MISC.

iii. *Trainee Fellowship*

Payments in this category aid in the pursuit of an individual's study or research. No past, present, or future services are expected in return for the support. The funds may be considered taxable income to the recipient, but are not reported as taxable income by the University on Forms W-2 or 1099-MISC. However, depending on the circumstances of the payment, payment may be reported on IRS Form 1098-T, Tuition Statement or on

IRS Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding. If the trainee fellowship payments to the student or credits to a student's account are used only for tuition and required fees, books, supplies, or equipment, they are reportable to the Internal Revenue Service (IRS) by the University via Form 1098-T. Trainee fellowships may constitute taxable income to the fellow/trainee to the extent there are no offsetting qualified educational expenses. (Tuition, books, fees and supplies are qualified educational expenses; room, board, living expenses and travel are not qualified educational expenses.)

Student Refund

This term is used to describe the processing of a payment to a student resulting from a credit balance on the student account. The term is also applied to the payment to the student for Title IV proceeds (SEOG, Pell Grants, Federal Direct and Perkins loans) in excess of the amount of tuition and fees, room and board, and other authorized charges.

Compensation for Services Related to Work

This category is defined as payments made for teaching, research and/or other activities performed for the benefit of the University, including activities for the University that may be associated with the student's course of study and educational experience. Payments received in connection with the performance of service by a student are taxable income, and may be subject to federal, state and FICA tax withholding.

Definition of Student Workers

A student employee is a part-time employee who is duly enrolled at Columbia University, is registered for classes and whose primary purpose for being at the University is the achievement of a degree or certification. (See [Internal Revenue Notice 2004-12 Section 7. Definitions](#) for guidelines.)

Student Reimbursements

Students who incur costs for approved activities that primarily benefit the University may be entitled to reimbursement. Student reimbursements for approved expenditures incurred are not considered reportable as taxable income to the IRS.

Types of Payments to Students and Taxation Implications

There are many different types of payments to students who attend Columbia University. Each has its own taxation implications. In sum, the payments fall into two categories:

Non-taxable: (Excludable from Student Income)

- scholarships/fellowships that are used for qualified tuition and related expenses
- student reimbursements for students purchasing a service or good while acting as an "agent" of the University, and any charitable activity
- student refunds for student account overpayments and/or excess Title IV funds

Taxable: (Includable in Student Income)

- prizes and awards
- funding provided via a stipend payment for a student to attend a conference or conduct research, such as thesis research (unless such expenses further University purposes, such as a student organization's activities)

- funding provided via a stipend payment for a student to go on a summer or other internship, or to go on a job search/interview
- funding provided via a stipend payment for room, board and personal expenses
- compensation for services related to work

Scholarships, Fellowships, Prizes and Awards - Taxation

Degree Candidates: Qualified/Non-Taxable Scholarships or Fellowships

Scholarship and fellowship reporting and taxation are governed by the Internal Revenue Code and Treasury Regulations and enforced by the Internal Revenue Service (IRS).

IRS regulations indicate that amounts paid to an individual are scholarship or fellowship **grants** if: "the primary purpose of the studies or research is to further the education and training of the recipient in his individual capacity," and the payments did **not** represent compensation for services. (IRS Treasury Regulation 1.117-4). ***There is no obligation required of the student to receive the grant, other than to remain enrolled in a degree program and maintain qualifying requirements of the award.*** A "qualified scholarship" is the amount of a scholarship or fellowship grant that can be *excluded* from the recipient's income and is limited to the amount used for tuition and fees, books, supplies, and equipment required for courses. These items must be required of *all* students in a course of instruction for the scholarship or fellowship grant to be tax-free (Prop. Reg. 1.117-6(c)(2)).

How to Process

All scholarships and educational assistance grants must be awarded and processed through the school's financial aid office using PowerFAIDS. Students should be registered for the term that the funds are being provided, as these payments cannot be applied to a term for which the student is not enrolled in at least one course. These payments are disbursed through the student's University account and are considered a resource when determining a student's financial aid eligibility.

The financial aid system fund codes should be mapped via the Student Information System (SIS) to the following University Financial Accounting System natural accounts:

- 61010 UNDERGRAD TUIT, FEES...
- 61030 GRADUATE TUITION AND FEES
- 61040 GRADUATE HEALTH FEES
- 61043 GRADUATE FEES-OTHER

All qualified scholarships and educational assistance grants will be reported by the University to the Internal Revenue Service (IRS) and to the student on IRS Form 1098-T, Tuition Statement.

U.S. Citizens

Process scholarship and grant payments through the University's Financial Aid system using the appropriate fund code for awarding and disbursing the payment.

International Students

For payments of scholarships or grants to international students, please see the policy on Nonresident Alien Payments: <http://policylibrary.columbia.edu/nonresident-aliens-payments>.

Sources of Additional Information

- <http://www.irs.gov/publications/p970/ch01.html>
- http://www.nacubo.org/documents/EventsandPrograms/1098T_Webcast_FAQ.pdf

Degree Candidates: Non-Qualified/Taxable Scholarships or Fellowships and Awards

Scholarships or fellowships received to offset non-qualified educational expenses are taxable to the student. However, for students who are U.S. citizens or resident aliens, there is no tax withholding or Form 1099 reporting required by the University.

For scholarship or fellowship payments given to nonresident alien students, there is tax withholding and reporting on Form 1042-S to the IRS.

Payment for winning a competition or being a top performer is not a scholarship or fellowship. Instead, the payment is a prize or award. Prizes and awards are taxable to the recipient. A prize or award paid to a U.S. student (including a resident alien) may be reportable to the IRS, depending on the prize amount, on Form 1099-MISC. If the recipient is a nonresident alien for U.S. tax purposes, the amount is reported on Form 1042-S and may be subject to withholding.

Non-Qualified Scholarship & Fellowship Payments to Nonresident Aliens (NRAs)

Examples: “Non-qualified” scholarships/fellowships may include payments for room/housing, board/meals, medical, stipends, thesis support, travel, cash, as well as *non-required* fees, books, supplies, and equipment.

Visas: All NRA student visa information is on file via the Glacier system. This documentation is required to determine if the student's visa allows for payment.

For application of tax treaty benefits: Require IRS Form 8233 and Columbia University's Substantial Presence Test (Form SPT). Columbia University students are required to complete this information via the Glacier system within 10 days after the student's arrival. If no treaty benefits are available, and the student does not have a F1, J1, M1, or Q Visa, then 30% taxes will be withheld. Also, if the student does not, or will not, complete these forms, then no treaty benefits are available.

For F1,J1, M1. & Q Visas only: Tax withholding will not exceed 14%. Treaty benefits may also be available.

Sourcing Rules: Tax withholding only applies to U.S. source income. If the University is serving as the paying agent for a foreign grantor located outside of the U.S., then the University is not required to withhold tax. IRS Form 1042-S: Columbia University will provide each year to NRA students who receive a taxable scholarship or fellowship.

Taxation Office <http://finance.columbia.edu/content/tax>

Non-Degree Candidates: Non-Qualified/Taxable Scholarships or Fellowships

Any amounts received by a non-degree candidate are taxable scholarships/fellowships even if the amount pays for otherwise qualified educational expenses. Pursuant to IRS Notice 87-31, the payor of a taxable

scholarship/fellowship is not required to withhold income tax and is not required to report the payment either to the student or the IRS.

Taxable payments should be paid directly to the student through the University's Accounts Payable system. This is so that the University can trace taxable payments and tie them back to the student for auditing purposes. The payment is processed to the student by the University's Accounts Payable Office for domestic students, and the Payroll Office for international students. Pursuant to IRS Notice 87-31, the payor of a taxable scholarship/fellowship is not required to withhold income tax and is not required to report the payment either to the student or the IRS.

For specifics in determining the taxation of Scholarships and fellowships, visit the [decision tree](#) in Appendix B. For a summary of student payment and their taxability, see Appendix A.

Additional tax information pertaining to students may be found at <http://sfs.columbia.edu/tax-information>.

Prizes & Awards

Prizes and awards are amounts received primarily in recognition of religious, charitable, scientific, educational, artistic, literary, civic achievement, or as the result of entering a contest. All prizes and awards (with the exception of qualified scholarships) are includible in gross income (Code Sec. 74 (a); Reg. § 1.74-1(a)) unless all of the following conditions are met:

- a. The recipient was selected without any action on his or her part to enter the contest.
- b. The recipient is not required to render substantial future services as a condition to receive the prize or award.
- c. The prize or award is transferred by the payer to a government unit or tax-exempt charitable organization as designated by the recipient.

All **three** of the above conditions must be met in order to exempt the prize from taxation.

For **U.S. and resident alien students**, all prizes must be reported by the University to the IRS on Form 1099-MISC if total prizes to the student in the relevant year are \$600 or greater. It is the responsibility of all prize recipients, regardless of the amount of the prize, to report the taxable prize received to the IRS on their personal income tax returns.

For **nonresident alien (NRA) students**, the University is required to withhold 30% tax on the full amount of the prize. The prize amount will be reported to the IRS and to the student on Form 1042-S.

How to Process

Prizes and awards are generally processed through the University Accounts Payable Office, via a direct payment to the student, and are not related to employment services. However, all prizes and awards must be reported to Financial Aid to be included in the student's financial aid package and may reduce other financial aid the student may receive.

Prizes and awards are always taxable. The University will report the prize or award to the IRS and the student on IRS Form 1099-MISC, Miscellaneous Income (Form 1099 reporting is only required if total awards are \$600 or more in the year): <http://www.irs.gov/instructions/i1099misc/ar02.html> or on IRS Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding: <http://www.irs.gov/pub/irs-pdf/f1042s.pdf>.

Exception: If restrictions are placed on the prize or award, it is considered a scholarship; it should be awarded and processed through the University's financial aid system.

U.S. Citizens

Submit these payments to University Accounts Payable via University Accounts Payable system. Include a complete description of the prize/award, the term of payment, and a statement indicating there are no restrictions on the use of the funds. Use Natural Accounts listed below for these payments.

- **61200 STUDENT PRIZES / AWARDS (TAXED)**

If restrictions are placed on the prize or award, and it is therefore considered a scholarship, it should be awarded and processed through the University's financial aid system. The financial aid system fund codes should also be mapped via the Student Information System (SIS) to the following University Financial Accounting system natural accounts:

- **61210 AWARDS**

Other Acceptable Natural Accounts

- **61120 (Undergraduate Students)**
- **61130 (Graduate Students)**
- **61150 (Graduate Students)**

International Students

For payments of prizes and awards to international students, please see Nonresident alien payments: <http://policylibrary.columbia.edu/nonresident-aliens-payments>.

For additional references regarding taxability of prizes and awards, see IRS publication 515, page 22: <http://www.irs.gov/pub/irs-pdf/p515.pdf>.

Trainee Fellowships (Non-Qualified) Taxable and Includable

Payments in this category aid in the pursuit of an individual's study or research. There are different types of training grants from federal and non-federal agencies.

Training grants are awarded to support pre-doctoral and post-doctoral research training experiences. Trainee Fellowships or grants are separately tracked in the University's financial accounting system. The primary federal agencies providing training grants are the National Institutes of Health (NIH), Health Resources and Services Administration (HRSA) and the Office of Education (ED). No past, present, or future services are expected in return for the financial support.

According to IRS Notice 87-31, universities are not responsible for withholding or reporting income taxes for tax purposes on Trainee Fellowship payments for: (1) U.S. citizens, (2) permanent residents, and (3) foreign national resident aliens (note that permanent residents and foreign national resident aliens are treated as U.S. citizens for tax purposes).

Fellows do not receive a Form W-2 or 1099-MISC on their fellowship income, as the University does not report the fellowship payment as taxable income to either the state or the federal government. However, the University is required to report fellowships to the IRS for informational purposes only on Form 1098-T, Tuition Statement. Trainee Fellowships may constitute taxable income to the fellow/trainee who is in a degree program to the extent there are no offsetting qualified educational expenses. (Tuition, books, fees and supplies are qualified educational expenses; room, board, living expenses and travel are non-qualified expenses.) Foreign fellows (unless they are U.S. residents for tax purposes) will receive a Form 1042-S reporting their fellowship income and are subject to tax withholding.

How to Process

U.S. Citizens

All trainee fellowship grants must be awarded and processed through the school's financial aid office using PowerFAIDS. Students should be registered for the term that the funds are being provided, because these payments cannot be applied to a term for which the student is not enrolled in at least one course.

These payments are disbursed through the student's University account and are considered a resource when determining a student's financial aid eligibility.

The financial aid system fund codes should be mapped via the Student Information System (SIS) to the following University Financial Accounting System natural accounts:

- 61170 TRAINEE COSTS

Other Acceptable Natural Accounts

- 61175 Trainee Travel
- 61070 Graduate Trainee Tuition & Fees

Visiting Research Interns (Traineeships-Undergraduate)

Visiting Research Interns are non-Columbia undergraduate students who work at the University as undergraduate trainees. Payments for services are processed through the University's Accounts Payable Office for domestic students and through the Payroll Office (via the Fellowship form) for international students.

International Students

For fellowship/trainee payments to international students, refer to the Payments to International Students policy: <http://policylibrary.columbia.edu/nonresident-aliens-payments>.

Stipends (Non-Qualified) Taxable and Includable

A **stipend** is paid to students as a living allowance, and includes payments to the student other than those defined as non-taxable fellowships paid through the Accounts Payable system (domestic students) or the Payroll system (international students). ***In no instance is a stipend a payment involving services related to work.*** Although these payments are usually taxable income to the student, the University is not required to report them to the student or the IRS, nor is the University required to withhold tax on them.

In 1987, the IRS ruled that an institution is not required to either withhold income tax or file any information returns with respect to taxable scholarship/fellowship grants paid to U.S. students (including foreign resident aliens). Therefore, even though the individual may receive taxable scholarship/fellowship income, the institution making the payment is not required to withhold any tax or file any reports with the IRS with respect to the taxable grant.

This "no withholding/no reporting" rule, however, is subject to two important caveats:

1. The scholarship/fellowship recipient must be either a U.S. citizen or a U.S. resident alien for tax purposes.
2. The payment that the institution makes to the individual must be a "scholarship" or "fellowship" and not compensation for services rendered or work.

The most common examples of nonqualified scholarship/fellowship are payments used to pay for room, board, travel, and medical expenses, etc. The following payment types are generally not considered stipends, and that term should ***not*** be used to refer to them.

- a. Expense Reimbursement
- b. Bonus
- c. Award or prize to student

How to Process

Domestic Students

Columbia University Students: Financial Aid Recipients

Stipends awarded to financial aid recipients must be awarded and processed through the school's financial aid office using the University's financial aid system. The financial aid system fund codes should be mapped via the Student Information System (SIS) to the following University Financial Accounting System natural accounts:

- 61140 GRADUATE STUDENT STIPENDS
- 61115 UNDER GRADUATE STUDENT STIPENDS
- 61172 TRAINEE STIPENDS

A stipend payment results in a data feed to Accounts Payable from the Student Information System. A check or a direct deposit to the student's bank account results from the data transfer.

Columbia University Students: Non-Financial Aid Recipients

Stipends for students in a term of non-enrollment (i.e. summer) will be processed by the SFS Accounting and Business Management Division. Stipends should be processed via the Student Information System (SIS) batch process. The awarding department must certify that the payment meets the required stipend definition. Batch processing specifications provided by the Student Financial Services Manager of Student Accounts Billing will be utilized for batch submission. Fund codes should be mapped via SIS to the following University Financial Accounting system natural accounts:

- 61140 GRADUATE STUDENT STIPENDS
- 61115 UNDER GRADUATE STUDENT STIPENDS
- 61172 TRAINEE STIPENDS

International Students

All amounts paid to nonresident aliens in the form of scholarships, fellowships, grants, and financial aid, which are not excludible from gross income as a "qualified scholarship" under I.R.C. 117, must be reported to the IRS, regardless of the amount paid, unless the grant is from sources outside the United States.

If the recipient is a nonresident alien, income tax withholding is required at a rate of 14%, unless the grant is exempt under a tax treaty between the U.S. and the recipient's home country. For the 14% rate to apply, the fellowship must for a degree candidate be "incident" to a qualified scholarship. For a non-degree candidate, the scholarship or fellowship must be from certain organizations, including Columbia. And, if the scholarship/fellowship payment is made to a nonresident alien, the taxable portion of the grant (generally, amounts paid for room, board, and travel) must be reported to both the IRS and the individual on Forms 1042 and 1042-S. The IRS, however, does not require Form 1042/1042-S reporting with respect to the nontaxable portion of the scholarship/fellowship grant, which generally consists of amounts paid for tuition, fees, and books. For additional information on stipend payments to international students, refer to the Payments to International Students policy: <http://policylibrary.columbia.edu/nonresident-aliens-payments>.

Summer Term Processing of Stipends: Columbia University Students

Schools that do not have a summer term enrollment requirement should process stipend payments via the Student Information System (SIS) batch process. Summer registration may not be required for summer stipend recipients. Schools should request special summer session processing via an e-mail message to summerstipends@columbia.edu. Fund codes should be mapped via SIS to the following University Financial Accounting system natural accounts:

- 61140 GRADUATE STUDENT STIPENDS
- 61115 UNDER GRADUATE STUDENT STIPENDS
- 61172 TRAINEE STIPENDS

Stipend Processing: Non-University Students

Stipend payments to students who are not Columbia University students ***cannot*** be processed through PowerFAIDS. Supporting documentation for these payments should be submitted to SFS Accounting and Business Management. Columbia University Human Resources is the central processor for federal grant, centers and institute stipend payments to eligible non-Columbia University students (e.g., Teachers College [TC] and Barnard College [BC] students.) The stipend payment should be issued via the Stipend Fellowship form.

These stipends are processed through the University's Payroll Office, via a direct payment to the student, and are not related to employment services. Stipend payments made to non-University students are always taxable. The University will report the payments to the IRS and the student on IRS Form 1099-MISC, Miscellaneous Income: <http://www.irs.gov/instructions/i1099misc/ar02.html>.

The natural accounts listed below should be utilized for process stipends for non-University students:

- 66140 PRIZES /AWARD NONSTUDENTS
- 61210 AWARDS
- 61230 AID TO NON STUDENTS

Graduate School of Arts & Sciences (GSAS) Stipends

There are two distinct student populations at GSAS: doctoral students (Ph.D.) and terminal master's students, and they are provided with financial aid differently:

1. Ph.D. students are funded almost exclusively by institutional aid
2. Masters students are funded via loans (federal) and other aid

Ph.D. Students

GSAS: a stipend is not need-based financial aid – it is a merit-based component of financial aid for Ph.D. students. It is a payment to support a student's living expenses and a tool for the school to recruit and attract talented students competitively. It is not related to the cost of attendance.

Master's Students

GSAS provides funding to pay for a portion of a master's degree student's tuition, which is reported as federal income on the 1098-T form. This funding is never in excess of the cost of tuition and fees.

How Stipends are Processed by GSAS:

Domestic Students

Ph.D. students are either domestic or foreign/international. By and large, stipends to domestic Ph.D. students are

processed as financial aid and the University does not withhold tax on this income. The University is not required to report these payments to the IRS, so there is no W2, 1099 or other earnings form. However, students are required to report this income to the IRS.

International Students

For foreign/international students, stipends go from SIS to Payroll and taxes are withheld by the University. At Payroll there is a system (Windstar) that checks for all applicable tax treaties and calculates the appropriate level of taxes. The Human Resources department handles this.

PowerFAIDS prevents disbursements if they are above a student's budget (cost of attendance). In the case of institutional aid and the stipend (not need driven) the cost of attendance is irrelevant (though it is relevant for Federal aid). For this reason a practice has been developed to place a "plug" (of \$10,000) into the PowerFAIDS record for these students that allow PowerFAIDS to let disbursement through.

Compensation for Services Involving Work (Includable in Income)

An amount represents *compensation for services*, and **not** a scholarship or fellowship grant per IRS Treasury Regulation 1.117-4, if:

1. the amount represents compensation for past, present, or future employment services;
2. the activity the grant payments fund is "subject to the direction or supervision of the grantor"; or
3. the grant payment enables the recipient to "pursue studies or research *primarily for the benefit of the grantor.*"

These compensated services are considered wages for employment tax purposes and are subject to employment tax withholding and reporting requirements. Whether a payment is of the nature of a scholarship or is of the nature of compensation depends on the "primary purpose" of the payment: "Was the taxpayer *paid to work* or *paid to study*?"

More specifically, with respect to research activities, an issue often arises whether the research activities constitute "services" or "independent research." Factors that the IRS and the courts have taken into account in making this determination include:

- The extent of faculty supervision of the student's work, including planned time schedules and required progress reports.
- The student's ability to direct the course and direction of the research activities.
- Whether the student is able to retain any patents or copyrights resulting from his or her efforts.
- Whether the research services are directly related to the fulfillment of a contractual commitment by the university.
- Whether the student is required to work a specified number of hours a week on the research project.
- Whether the payment made to the student was relatively small (generally indicative of a fellowship) or relatively large (generally indicative of compensation), although in the case of large amounts, the amount above an amount typically paid for the services provided may be a non-wage fellowship.
- Whether the university treated the student as a student worker as evidenced by withholding tax on the payments as wages and providing faculty privileges and other employee benefits.

This category is defined as payments made for teaching, research and/or other activities performed for the benefit of the University, including activities for the University that may be associated with the student's course of study and educational experience. Payments received in connection with the performance of service by a student are taxable income, and may be subject to federal, state and FICA tax withholding.

Student Workers

There are four types of student workers. Please see Appendix C for Job Codes and sub-categories associated with the four (4) types.

Types of Student Workers:

- Supporting Student Staff
 - Federal Work-Study Students
 - Casual Student Employees
- Student Officers
- Visiting Research Interns (Traineeships-Undergraduate)
- Appointed Student Workers: Graduate Assistants, including Research and Teaching Assistants (See list below)

Supporting Student Staff: Federal Work-Study Student

There are two types of on-campus supporting staff workers: federal work-study students and student casual workers. Federal work-study positions are only available to U.S. citizens who have received a work-study allocation in their financial aid packages. The Federal Work-Study Program is designed to promote part-time employment for students who are in need of earnings to help finance their education. Federal work-study student workers are qualified undergraduates and graduate students for full- and part-time employment and internships that can be employed on and off Columbia's campuses.

During summer term, an individual may be a student employee if s/he has been admitted/ readmitted and is enrolled for summer term or fall semester classes. Student employees are considered at-will employees, and their employment is interim or temporary and incidental to the pursuit of a degree or certification.

This definition excludes students who are employed as academic support personnel such as Graduate Assistants, Undergraduate Assistants, Assistant Instructors, and Academic Advisors. Questions concerning the employment of students in these categories should be directed to the Office of the Provost, the appropriate Vice President, or Dean.

Students who have graduated and are not planning to continue with another degree program, may stay on the student employee payroll until the day before the next semester (including summer semester) begins if they are to continue working.

More information on hiring Federal Work-Study students can be found at the following link:

<http://sfs.columbia.edu/work-study>

Supporting Student Staff: Student Casual Workers

Columbia Student Casual Workers — Employees who are registered Columbia students who have a “student” status excepting those whose employment is totally independent of, and, unrelated to their Columbia student role. FICA (Social Security and Medicare) taxes do not apply to services performed by students employed by a school,

college, or university where the student is pursuing a course of study. Whether employees are students for this purpose requires examining the individual's employment relationship with the University to determine if employment or education is predominant in the relationship. If the employee is enrolled and regularly attending classes at Columbia (the exemption is not applicable to employees who are taking classes at another institution) in pursuit of an educational credential as their primary purpose for being here, FICA taxes will not apply to compensation.

The University will make student FICA determinations based on [Revenue Procedure 2005-11](#) safe harbor guidelines; that is, those students who meet these guidelines will be treated as exempt from FICA taxes, while those student employees who do not meet these guidelines will be subject to FICA taxes on their wages. Additionally, payments to clinical and other fellows, medical residents and postdoctoral research associates are not eligible for the student FICA exemption.

Columbia students who are not currently registered are considered casual or temporary employees. Casual positions are open to any Columbia student, regardless of financial aid package or citizenship. The websites and contact information for some on-campus employers are located on the Center for Career Education's website: <http://www.careereducation.columbia.edu/resources/tipsheets/finding-job-campus-jobs>. Additional resources are listed on the Columbia main website at <http://www.columbia.edu/content/students.html>.

How to Process

U.S. Citizens

Payments for services are processed through the University's Payroll Office and the University's Payroll processing system. Please see: <http://hr.columbia.edu/wac/resources/staffing#Student%20Staffing>.

International Students

Payments for services are processed through the University's Payroll Office and the University's Payroll processing system. Please see: <http://hr.columbia.edu/wac/resources/staffing#Student%20Staffing>.

Graduate Assistants

Individuals with teaching fellowships or who are research assistants are *not* classified as employees. Factors used to make this determination are:

- the type of services may be required to be performed in conjunction with a grant;
- the primary purpose of the fellowship is to assist students in developing as scholars and researchers or to teach/perform research primarily for the benefit of the grantor; and
- fellowship recipients do not perform the same work, for the equivalent compensation, as do employees of the institution.

Student Officers of Research (Graduate Research Assistants)

Appointments as officers of research may be made to the grades defined in the University Statutes. These grades of office are organized into four categories: professional, postdoctoral, staff, and student officers of research. For additional information, see: <http://www.columbia.edu/cu/vpaa/handbook/research.html>.

Student Officers of Instruction (Graduate Teaching Assistants)

Appointments as officers of instruction may be made to the grades defined in the University Statutes. Instruction may be offered by individuals who hold an appointment in one of those grades. For additional information, see: <http://www.columbia.edu/cu/vpaa/handbook/instruction.html>.

Student Officers of Administration (Law School Graduate Interns)

Students work in the Law School's Human Rights Internship program. Columbia Law School's summer program is one of the largest in the nation and is an integral part of preparing to practice public interest law. Social Justice Initiatives oversees the [Human Rights Internship Program](#) (by application), and gives students the opportunity to receive stipends while providing greatly needed assistance to a wide range of organizations and government agencies in the United States and around the world.

https://www.law.columbia.edu/center_program/human_rights/research_schola/internships.

Visiting Research Interns (Traineeships-Undergraduate)

Visiting Research Interns are non-Columbia undergraduate students who work at the University as undergraduate trainees. Payments for services are processed through the University's Accounts Payable Office for domestic students and through the Payroll Office (via the Fellowship form) for international students.

Fringe Benefit Rates Associated With Student Workers

Columbia University provides a full array of benefits to its faculty and staff that is either fully or partially funded by the University, including benefit plan-related expenses (medical, retirement, etc.) and tax-related expenses (matching FICA/Medicare tax contributions). To fund the Columbia-paid benefits, the University applies a fringe benefit rate to salaries as they are paid and charged in the labor accounting system. The fringe benefit rate that is applied depends on a number of factors:

- Employee attributes including position (job code) and student status
- Earnings code used for the payment
- Fund type being charged (e.g., grant, certain endowments)

The FICA and fringe rate charged to the department on an employee's earnings is **not** determined by the (ARC) account number used. Please see link and Appendix D for additional information regarding student FICA and FICA exemption.

<http://finance.columbia.edu/content/fringe-benefit-rates>

Other Payments to Students (Not Taxable)

I. Refunds

The University's policy is to resolve eligible credit balances in student accounts as promptly as possible—in compliance with all applicable regulations and by the end of the term in which the credit balance is created—by issuing refunds to the student.

At Columbia University the student account is used for the purpose of assessing charges and applying payments against those charges. If a student's account balance is a credit, it is the policy of the University to refund the credit to the student in a timely manner under most circumstances.

Title IV Refunds

If Title IV funds (Pell, SEOG, Federal Direct and Perkins loans) received by students exceed the amount of tuition and fees, room and board, and other authorized charges, the University will refund the excess within 14 days after the term's first day of class, or within 14 days (if the excess occurs after the first day of class) as required by Federal Regulations. A student may request in writing that the excess be left on the student account to cover other charges. The request must be made each academic year or the excess will be returned to the student.

Refunds paid to students are not taxable and are not reportable. For the full refund policy, visit:

<http://sfs.columbia.edu/policy-student-account-credit-balances-refunds>

II. Student Reimbursements

Students who incur costs for approved activities that primarily benefit the University may be entitled to reimbursement. Student reimbursements for approved expenditures incurred are not considered reportable as taxable income to the IRS.

An example is a student who travels to an approved conference to represent the University as requested by the University. Such expenses are fully reimbursed by the University. All University policies and procedures apply to these reimbursements, including the requirement that reimbursement requests be received by Accounts Payables. For instructions, see: <http://finance.columbia.edu/content/travel-and-business-expense-info>.

Other Examples:

- Student A is approved to travel to Washington, D.C. to represent Columbia University in a scholastic competition.
- Student B is approved to travel to a conference held in San Francisco to present a paper on behalf of the Psychology Department.
- Student C is approved to purchase a toner cartridge for a University-owned printer that is located in his department's lab.
- Student D travels to Germany to perform research for the University, which happens to be the same topic related to her dissertation. The University would perform research on this topic regardless of the student performing research for her dissertation. The University is the primary beneficiary of this travel.

How to Process

U.S. Citizens

Submit payment requests to University's Accounts Payable Office. A description of the reimbursement and the business purpose for the University should be provided. <http://finance.columbia.edu/content/travel-and-business-expense-info>.

International Students

Submit reimbursement requests for International students to University Payables through the Accounts Payable system. <http://finance.columbia.edu/content/travel-and-business-expense-info>.

Appendix A Summary of Payments and Taxability

US Citizen or Resident Alien Payments to Students

Payment Type	Payment Request Submission by	Payment Processed by	Reportable to IRS	IRS Form	Tax Reporting Responsibility	Comments
Qualified Scholarship	Schools and Departments & Financial Aid Offices	Processed through University Financial Aid System to Student Account	Yes	1098T	Student Financial Services (SFS)	
Non-Qualified Scholarship	Schools and Departments & Financial Aid Offices	Processed through University Financial Aid System to Student Account (for terms in which financial aid is packaged)	Yes	N/A	Student	
Non-Qualified Scholarship	SFS via SIS Feed	AP via AP/CAR for summer term and or term in which school does not package financial aid	Yes	N/A	Student	
Other Departmental Scholarships (Qualified)	E-Mail to Student Service Center	SFS via Journal Entry	Yes	1098T	Student Financial Services (SFS)	
Other Student Gifts / Awards / Prizes (TAXED)	Schools and Departments & Financial Aid Offices	HRPC/Payroll via People @ Columbia	Yes	1099 MISC	AP	Data sent by Payroll to AP Legacy tax file at year end

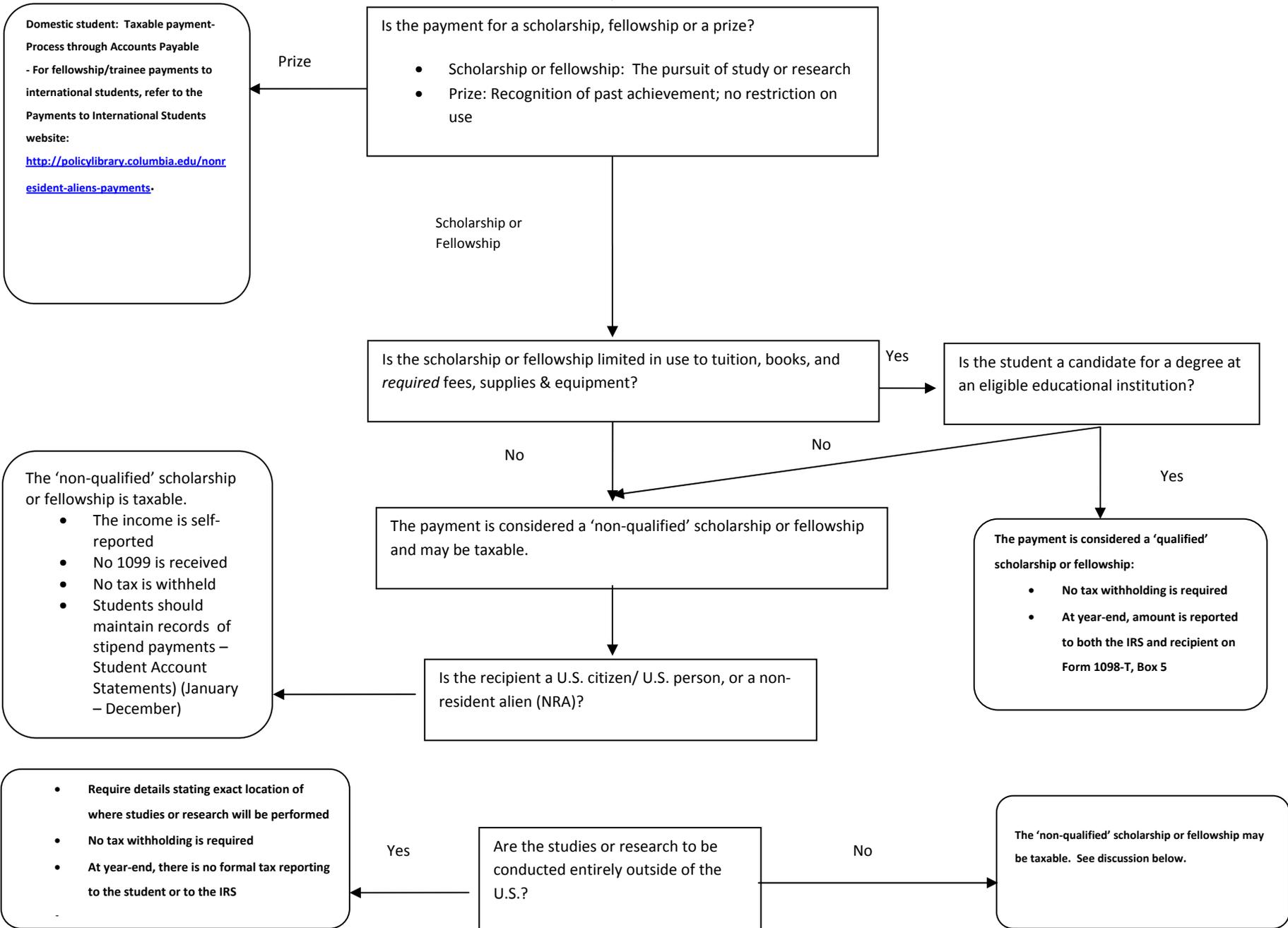
Non Resident Alien (NRA) Payments to Students

Payment Type	Payment Request Submission by	Payment Processed by	Reportable to IRS	IRS Form	Tax Reporting Responsibility	Comments
Qualified Scholarship	Schools and Departments & Financial Aid Offices	Student Service Center via batch to Student Account	Yes	1098T	Student Financial Services (SFS)	
Non-Qualified Scholarship	SFS via SIS Feed	HRPC/Payroll via People @ Columbia	Yes	1042S	HRPC/Payroll	Federal Tax withheld at time of payment
Other Student Gifts / Awards / Prizes	Departments (paper)	HRPC/Payroll via People @ Columbia	Yes	1042S	HRPC/Payroll	Federal Tax withheld at time of payment

Appendix B:

Taxation of Scholarships and Fellowships

Start



Appendix C

Job Codes

The Job Codes for student workers are listed below:

	Job Code	
Student Appointments	410100	Preceptor
	411100	Teaching Asst
	411200	Teaching Fellow
	411400	Research Fellow
	412100	Reader
	413100	Asst Curator
	413200	Curator
	414100	GRA (Research Assistants)
	415100	DRA (Research Assistants)
	416100	Associate
419900	Other	
Supporting Staff	510100	Casual/Work Study Employee

Appendix D

Summary Overview: FICA & FICA Exemption

Student Employees (During the Academic Year):

- **Full time** and **half time** students working during the academic year: **0% fringe**
 - **FICA exempt**
- **Less-than-half-time (Part-time, Cross-Registered)** students working during the academic year:
Salaries funded by government grants and contracts: **8.15% fringe**, charged to account 59030
Salaries funded by other sources: **8.86% fringe**.
8.15% fringe is applied to account 59030 and the remaining **0.71%** is applied to account 59020
 - **FICA subject**

Student Employees (Working During the Summer):

- **Full time** and **half time** students enrolled during the summer: **0% fringe**
 - **FICA exempt**
- **Less than half time (Part-time, Cross-Registered)** students enrolled during the summer:
Salaries funded by government grants and contracts: **8.15% fringe**, charged to account 59030
Salaries funded by other sources: **8.86% fringe**
8.15% fringe is applied to account 59030 and the remaining **0.71%** is applied to account 59020
 - **FICA subject**
- **Matriculated** students (those students who are not enrolled in the summer semester but are enrolled in a degree-granting program and have not graduated or taken a leave):
Salaries funded by government grants and contracts: **8.15% fringe**, charged to account 59030
Salaries funded by other sources: **8.86% fringe**
8.15% fringe is applied to account 59030 and the remaining **0.71%** is applied to account 59020
 - **FICA exempt**