



THE GEORGE
WASHINGTON
UNIVERSITY
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STIPEND AND TUITION PAYMENTS TO STUDENTS AND THEIR TAXABILITY

Policy Statement

The University makes various payments to students for teaching, research, or other education-related activities. In awarding and processing such payments, great care must be taken to classify these payments correctly for tax purposes. This policy primarily addresses graduate student fellowships and assistantships and defines which type of payment is taxable income to the student. This policy also covers student research awards funded by sponsored projects or GW funds and living expense allowances for special groups. This policy does not address student employment or the regular undergraduate financial aid awards; however, it is important to note that the term “fellowship” can be used interchangeably with the term “scholarship.”

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. This document also outlines procedures to be used in making their payments and clarifies the income tax implications of receiving such payments.

Who Needs to Know This Policy

Faculty, staff and students

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Policy/Procedures

A. Payment Types

Payments to student recipients are categorized into three separate “baskets” for the University’s purposes, as follows:

1. Non-taxable Fellowship – This category includes payments to the student or credits to a student’s account used only for tuition and required fees, books, supplies, or equipment. Non-taxable fellowships are not taxable income to the student and there is no requirement for the University to report these payments to the student or the Internal Revenue Service (IRS). One type of non-taxable fellowship is a tuition award, as defined in the glossary below.

2. Taxable Fellowship – This category, typically known as a stipend and used as a living allowance, includes payments to the student or credits to a student’s account other than those defined as non-taxable fellowships. There is no requirement that the recipient perform any services for the benefit of the University as a condition of receiving the payment and these payments are often made as an incentive for students to attend the University. *In no instance is a stipend a payment involving services.* 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 the case of international students, different withholding and reporting rules apply depending on the tax treaty with the U.S. of the student’s home country.) Students are responsible for reporting these payments and remitting any tax due. Students must determine with their tax advisor whether tax should be paid quarterly to the IRS or with the filing of their personal income tax return.

The following payment types are generally not considered stipends, and that term should not be used to refer to them.

- a. Supplemental Salary – Chairs, Deans and certain Faculty members are paid salary supplements in addition to their salaries as faculty.
- b. Expense Reimbursement
- c. Honorarium
- d. Bonus
- e. Award or prize to student

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3. Payments Involving Services – This category is defined as payments made with respect to 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. These payments are considered to be taxable to the recipients, and the University is required to withhold federal and state taxes and report such payments to the IRS. (In the case of international students, different withholding and reporting rules apply.) Individuals who engage in such teaching, research and/or similar activities shall not be paid for these efforts through a tuition credit on their student account or by being awarded a stipend, although their total support package may include a tuition award and/or a stipend.

Please see one-page summaries “Tax Implications and Reporting Requirements of Payments to Students” for further information regarding tax withholding and tax reporting requirements. Two summaries are available on the Tax Department website (<http://www.gwu.edu/~tax>), one for U.S. citizens/resident aliens and one for international students.

In order to avoid confusion, and to provide clear and useful guidance, the standardized terms, stipend, tuition award, and payment involving services, are used in this document. All terms used in this document are grouped into one of the three categories above. University personnel are encouraged to use the standardized terms and not resort to other terms with no clear definition. These terms may be referred to in other terms in grants depending on the sponsor’s standard language.

B. Recipient Types

1. Fellowship Recipient – A fellowship recipient is an individual who receives a taxable and/or non-taxable fellowship, and whose activities may include:

- a. Engaging in research programs or participating in training to further his/her individual educational development;
- b. Conducting independent research and determining what research activities he/she will be conducting; or
- c. Providing help to a professor or academic department provided that the activities are principally related to the recipient’s progress rather than to the needs of the professor or academic department.

Examples of such recipients include Graduate Fellows, recipients of stipends funded by sponsored projects, Post-Doctoral Scholars, athletes, and students doing independent research. Except in special cases involving students from outside the University (which should be justified in a note when paperwork is submitted), recipients must be enrolled or about to be enrolled in a degree program at The George Washington University. Moreover, if the fellowship is charged in any part to a sponsored project, the student’s program of study must be directly related to the scope of work of the sponsored project

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and the fellowship must be an allowable expense. Similarly, endowment-supported fellowships must be consistent with the terms of the memoranda of understanding for each endowment.

To the extent that a program requires teaching or research activities to be performed by the recipient and these activities are performed for the benefit of the University, or if the recipient is performing other services for the University in exchange for a payment, the payment should be characterized as a payment involving services and is not a fellowship.

2. Graduate Assistant – A Graduate Assistant (GA) is a student who typically performs services in furtherance of his/her academic studies and whose support package includes a payment involving services. GAs are Graduate Teaching Assistants (GTAs), Graduate Research Assistants (GRAs), Graduate Administrative Assistants (GAAs), or Graduate Lecturers (GLs). Duties of a GA can include leading a recitation or discussion section, teaching a course or a laboratory section, grading, assisting a faculty member in research-related activities, or assisting a faculty or administrative staff member or a department. The faculty member or department assigned a GA determines the terms of the support package, which may include the GA's duties and performance standards. A GA receives a payment for these activities, often as part of a three-part support package that also includes a stipend and tuition award.

3. Science and Engineering Apprentice Program (SEAP) Participant – Participants in the SEAP program follow separate procedures. Information on the SEAP program may be found at www.gwseap.net or by calling 202-994-2234.

C. Payment/Recipient Type Matrix:

The following matrix indicates which types of payment(s) may be received by which type of student.

Payment Type	Fellowship Recipient	Graduate Assistants (GAs)
Tuition Award	X	X
Stipend	X	X
Payment Involving Services		X (must receive)

A list of support package materials, with an indication of which materials are to be used for which type of package, is set forth in Appendix A.

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D. Roles and Responsibilities

1. Awarding Entity – Department, Graduate Program Director or Committee, Principal Investigator, or other body that approves fellowship payments by:

- a. determining appropriate budgeting of stipends vs. payments involving services for students; for research-funded payments, working with the Research Service Coordinator (RSC) at the proposal stage
- b. selecting the candidate;
- c. completing the Assistantship and Fellowship Recommendation Form or Research Fellowship (Stipend and/or Tuition Award) Recommendation Form and Payment Characterization Checklist as appropriate.
- d. for research-funded payments, assembling and sending the offer package to the intended recipient;
- e. for research-funded payments, coordinating with the RSC on funding availability and allowability;
- f. for research-funded payments, receiving the Fellowship Acceptance Form from the recipient;
- g. for research-funded payments, initiating the payment by submitting a Stipend Request Form through the Stipend Management Application under Enterprise Systems, and
- h. for research-funded payments, initiating the processing of the tuition awards by forwarding the previously signed Research Fellowship (Stipend and/or Tuition Award) Form with a copy of the signed Fellowship Acceptance form to the Sponsored Research Tuition Fellowship Coordinator for input into Banner.
- i. canceling payments to students if their enrollment changes or if they no longer qualify for the award.

2. Department Chair – Approves fellowship payments by:

- a. verifying that candidates are students and, for research-funded payments, that they are in a field of study directly related to the scope of the sponsored project that supports them;
- b. recommending whether a payment should be a payment involving services or a stipend; and
- c. reviewing and signing all Payment Characterization Checklists and Assistantship and Fellowship Recommendation Forms and Research Fellowship (Stipend and/or Tuition Award) Recommendation Forms;
- d. for research-funded payments, maintaining a filing system to track payments;

3. Research Service Coordinator (RSC) – Coordinates research-funded fellowship offers and payments by:

- a. at the proposal stage, counseling the PI toward appropriate budgeting of the payment as a stipend vs. a payment involving services based on the criteria on the Payment Characterization Checklist;

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- b. at the post-award stage, reviewing the fellowship offer for funding availability; and
- c. signing the Research Fellowship (Stipend and/or Tuition Award) Form, the Payment Characterization Checklist and approving online the Stipend Request Form.

4. School Fellowship Coordinator (SFC), including the Director of Graduate Student Assistantships and Fellowships – Coordinates non-research-funded fellowship offers and payments by:

- a. recommending whether a payment should be a payment involving services or a stipend (if a non-tuition payment is involved);
- b. signing the Payment Characterization Checklist (if applicable);
- c. signing the Assistantship and Fellowship Recommendation Form;
- d. reviewing offer packages and assembling the award materials;
- e. maintaining a filing system to track the accuracy of payments;
- f. sending the offer package to the recipient;
- g. notifying the department of the recipient's acceptance;
- h. receiving the Fellowship or Assistantship Acceptance Form from the proposed recipient;
- i. approving online the Stipend Request Form which will send it to Accounts Payable to finalize the payment;
- j. running the SC-270 report to determine that the stipend is charged correctly and the amount and disbursements are correct;
- k. entering tuition awards into Banner; and
- l. monitoring tuition awards via the SAOTUAW Banner report.

5. Sponsored Research Tuition Fellowship Coordinator – Coordinates research-funded tuition awards by:

- a. entering research-funded tuition awards into Banner; and
- b. monitoring tuition awards via the SAOTUAW Banner report.

E. Characterization of Payments

Often, it is difficult to distinguish between training activities and payments involving services for which IRS reporting and withholding is required. The term “training,” although not a defined term for tax purposes, can be defined to include both of the following:

1. Academically-relevant activities engaged in outside of a formal classroom setting; and
2. Activities that assist the individual in developing skills directly relevant to his or her field of study.

In this context, the term “services” is used to mean “studies, research, or other activities conducted primarily for the benefit of the University (or other grantor).”

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The following are factors that indicate that a payment is for training and should be treated as a stipend:

1. The recipient is not expected to provide any substantial “quid pro quo” in exchange for the stipend;
2. The focus is on the experience to be gained by the student rather than on the performance of services that benefit the grantor;
3. The recipient has significant input in determining the research activities to be conducted;
4. The recipient is not required to provide any deliverable other than progress reports to the University, or in certain cases, to the sponsor; and
5. Recipients are not required to have performed past services or to agree to perform future services for the University as a condition of receiving the payment.

The following are factors that indicate that a payment involves services:

1. The University has the right to direct the recipient’s work, including when, where and how the work will be done and what the final product will be. Note, however, that this does not include educational guidance;
2. Recipients serve as instructors, graduate assistants, laboratory technicians or in other roles for which the University, in the absence of the recipient, would need to use employees or contractors; and
3. The services are performed in fulfillment of the University’s contractual obligations with outside entities under which the recipient is required to produce specific deliverables.

When an employee of the University is also a degree candidate receiving a fellowship for study in a field that is related to his or her area of employment, the recipient’s employment status may affect the characterization of the payment. In cases where the recipient is a degree candidate and the payment is used for “qualified tuition and related expenses” (tuition and/or required fees, books, supplies or equipment), the payment is non-taxable and excludable from the recipient’s taxable income.

However, when the payment is in excess of tuition, required fees, books, supplies and equipment, the recipient’s employment status is a significant factor in determining whether to categorize the payment as a payment involving services.

Website Address for This Policy

[GW University Policies](#)

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Contacts

Subject	Contact	Telephone
Questions	Graduate Student Assistantships and Fellowships	202-994-6822
How to Characterize Payment	Tax Department	202-994-2547

Definitions

Grantor	This term refers to the University or any other funding organization.
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. In this policy and its procedures, the term fellowship is used, since the payments addressed are for both study and research. This terminology is consistent with the way the IRS distinguishes between scholarship and fellowship.
Tuition Award	This term refers to the portion of the fellowship that is a direct credit to a student’s account for courses taken, awarded either as credit hours or a dollar equivalent. Tuition awards are non-taxable.
Stipend	This term typically describes a living allowance and is generally taxable. In no instance is a stipend a payment involving services.
Support Package	This term refers to a two- or three-part package typically provided to Graduate Teaching Assistants, Graduate Research Assistants, and Graduate Administrative Assistants.

Related Information

[Assistantship Award and Payment Processes](#)
[Non-research Fellowship Award and Payment Processes](#)
[Student Research Award and Payment Processes](#)

Appendices

Appendix A **What Forms to Use**

Who Approved This Policy

Beth Nolan, Senior Vice President and General Counsel
Louis H. Katz, Executive Vice President and Treasurer
Donald R. Lehman, Executive Vice President for Academic Affairs

History/Revision Dates

Origination Date: February 13, 2003
Last Amended Date: November 20, 2009
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Appendix A

What Forms to Use

Following is a list of support package materials, with an indication of which materials are to be used for which type of package. Payment step procedures located following these instructions correspond to the categories in the matrix below. Procedures, forms and templates are available on the web at <http://stipends.gwu.edu>.

The wording in the award letters must be used as is, but paragraphs may be added before and after the standard wording in order to personalize the letter to the requirements of the department and/or school.

The one-page “Summary of Tax Implications and University Reporting Requirements for Payments” must accompany every award letter. These documents—one for U.S. citizens/resident aliens and one for international students—are available on the Tax Department’s website: http://www.gwu.edu/~tax/us_students_tax_letter.pdf and http://www.gwu.edu/~tax/International_Student_Tax_Letter.pdf, and accessible through the stipends.gwu.edu website.

Forms & Processes	1	2	3
Document	Assistantships	Non-research-funded fellowships	Research-funded fellowships
Assistantship & Fellowship Recommendation Form	X	X	
Research Fellowship (Stipend and / or Tuition) Recommendation Form			X
Payment Characterization Checklist (Stipend and Tuition Award or Stipend only)		X	X
Fellowship Acceptance Form		X	X
Graduate Assistantship Acceptance Form	X		
Graduate Teaching Assistantship Award Letter and Requirements	X		
Graduate Research Assistantship Award Letter and Requirements	X		
Graduate Administrative Assistantship Award Letter and Requirements	X		
Non-Research-Funded Fellowship Award Letter		X	
Research-Funded Fellowship Award Letter			X
Graduate Fellowship Requirements (Stipend & Tuition Award OR Stipend only)		X	
Graduate Fellowship Requirements (Tuition Award only)		X	
Stipend Request Form in the Stipend Management Application in the Portal under Enterprise Systems	X	X	X