## Step 1: WHY is the individual receiving the payment?

### For PARTICIPATING as a learner or trainee in an educational or research experience
- **The primary purpose** is to benefit the participant through increased learning, knowledge or experience in the given topic area. The payment is intended to help defray living or travel expenses while participating in the program.
- **Examples**: high school students attending a summer program, K-12 teachers attending an in-service workshop, undergraduate students participating in a research experience (such as NSF-REU)

### For PROVIDING A SERVICE in connection with an educational or research experience
- **The primary purpose** is to pay for services rendered which benefit the University or its programs. The payment is intended to compensate the individual for his/her hours worked, expertise provided, work results, etc.
- **Examples**: conference speaker, workshop teacher, facilitator, discussion leader, instructor, teaching assistant, or research assistant

## Step 2: WHO is the recipient?

<table>
<thead>
<tr>
<th>UA Employee</th>
<th>UA Student</th>
<th>Non-UA Individual</th>
</tr>
</thead>
<tbody>
<tr>
<td>IC Form not required</td>
<td>IC Form not required</td>
<td>IC Form not required</td>
</tr>
<tr>
<td>Accounts Payable / Concur Expense</td>
<td>Student Account Services / Payment to Student Form</td>
<td>Accounts Payable / Concur Invoice</td>
</tr>
<tr>
<td>EXPENSE REIMB ONLY - Follow Travel and Spending Policies¹</td>
<td>Payments to Student Policy</td>
<td>Participant Stipend Form / expense code 781222</td>
</tr>
<tr>
<td>None¹</td>
<td>None²</td>
<td>None²</td>
</tr>
<tr>
<td>None¹</td>
<td>Treat as fellowship for tax purposes. Included in Form 1098-T recap of student account²</td>
<td>Treat as fellowship for tax purposes. No tax document is issued by UA³</td>
</tr>
<tr>
<td>None¹</td>
<td>Generally includible in income. See IRS Pub. 970 for more info⁴</td>
<td>Generally includible in income. See IRS Pub. 970 for more info⁴</td>
</tr>
<tr>
<td>None¹</td>
<td>Includible in income</td>
<td>Includible in income</td>
</tr>
</tbody>
</table>

### Need help? Contact the UA Tax Office

## Step 3: HOW to proceed

### a. IC Form
- UA Employee: IC Form not required
- UA Student: IC Form not required
- Non-UA Individual: IC Form not required

### b. Payment Method
- Accounts Payable / Concur Expense
- Student Account Services / Payment to Student Form
- Accounts Payable / Concur Invoice
- Payroll / ePA Form
- If IC Form APPROVED - Accounts Payable / Concur Invoice
- If IC Form NOT APPROVED - Payroll / ePA Form
- Follow HR Payroll Guidelines
- Professional Services Guidelines
- Follow HR Payroll Guidelines
- Form W-2
- Form W-2
- Form 1099⁴
- Form W-2

### Notes:

1. Generally, a UA employee participating in a program as learner or trainee would not receive a lump sum stipend, but would be eligible for expense reimbursement (for example, travel to attend a conference or workshop). Such reimbursements are not taxable - unless submitted late (60-day rule). [http://taxoffice.ua.edu/fringe-benefit-taxation/#ExpenseReimb](http://taxoffice.ua.edu/fringe-benefit-taxation/#ExpenseReimb)

2. UA is not required to withhold tax on fellowship payments for U.S. citizens or resident aliens. However, foreign nationals may be subject to tax withholding and their payments are reported on Form 1042-S. [http://taxoffice.ua.edu/scholarships-fellowships-grants/](http://taxoffice.ua.edu/scholarships-fellowships-grants/)

3. Even if no tax document is issued by UA, the payment may still be taxable income to the recipient. The recipient is responsible for reporting these payments and remitting any tax due with his/her personal income tax return. [http://taxoffice.ua.edu/scholarships-fellowships-grants/](http://taxoffice.ua.edu/scholarships-fellowships-grants/)

4. UA is not required to withhold tax on independent contractor payments for U.S. citizens or resident aliens. However, foreign nationals may be subject to tax withholding and their payments are reported on Form 1042-S. [http://taxoffice.ua.edu/independent-contractors/](http://taxoffice.ua.edu/independent-contractors/)