

STIPEND MATRIX

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

Need help? Contact the UA Tax Office

Step 2: WHO is the recipient?	PARTICIPANT STIPEND			PAYMENT FOR SERVICES			
	UA Employee	UA Student	Non-UA Individual	UA Employee	UA Student	Non-UA Individual	
Step 3: HOW to proceed							
a. IC Form	IC Form not required	IC Form not required	IC Form not required	IC Form not required	IC Form not required	Department must submit IC Form in advance. http://taxoffice.ua.edu/independent-contractors/	
b. Payment Method	Accounts Payable / Concur Expense	Student Account Services / Payment to Student Form	Accounts Payable / Concur Invoice	Payroll / ePA Form	Payroll / ePA Form	If IC Form APPROVED - Accounts Payable / Concur Invoice	If IC Form NOT APPROVED - Payroll / ePA Form
c. Procedures & Documentation	EXPENSE REIMB ONLY - Follow Travel and Spending Policies ¹	Payments to Student Policy	Participant Stipend Form / expense code 781222	Follow HR Payroll Guidelines	Follow HR Payroll Guidelines	Professional Services Guidelines	Follow HR Payroll Guidelines
d. Tax Withholding	None ¹	None ²	None ²	Taxes withheld through Payroll	Taxes withheld through Payroll	None ⁴	Taxes withheld through Payroll
e. Tax Reporting by UA	None ¹	Treat as fellowship for tax purposes. Included in Form 1098-T recap of student account ²	Treat as fellowship for tax purposes. No tax document is issued by UA ²	Form W-2	Form W-2	Form 1099 ⁴	Form W-2
f. Tax Reporting by Recipient	None ¹	Generally includible in income. See IRS Pub. 970 for more info ³	Generally includible in income. See IRS Pub. 970 for more info ³	Includible in income	Includible in income	Includible in income	Includible in income

NOTES:

¹Generally, 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>

²UA 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.

³Even 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/>

⁴UA 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.