

INTRODUCTION:

The majority of payments or transactions made to students are considered to be compensation or financial aid (scholarships). These materials are intended to help you determine the nature of your payment and the University process for requesting approval of or reporting the payment.

The Student Payment Determination Flowchart is intended to provide information to steer users towards the ISU office responsible for administering various types of student payments used at ISU. The Flowchart is intended as a guide, and is not all inclusive. Determining student payment types is dependent on the facts and circumstances of each case. Please contact the office listed for each payment type to determine if your proposed student payment meets the requirements of the category. However, if you are unclear on which office to contact first, then please contact the Comptroller/Payroll office for guidance at 309-438-7677.

QUICK CONTACT INFO RE: STUDENT PAYMENT TYPES & ISU CAMPUS RESOURCES:

ISU OFFICE	PAYMENT TYPE	PHONE	WEB
FINANCIAL AID	Scholarship Grant Tuition Waiver	309-438-2740	http://financialaid.illinoisstate.edu/
HUMAN RESOURCES	Volunteer Graduate Assistant Student Employee Extra Help	309-438-8311	http://hr.illinoisstate.edu/
COMPTROLLER / PAYROLL	Fellowship Gift/Prize/Award Reimbursement Vendor Payment Research Study Payment	309-438-7677	http://accountingoffice.illinoisstate.edu/contact/
RESEARCH AND SPONSORED PROGRAMS	Site Agreement / Third-Party Employment	309-438-2528	http://research.illinoisstate.edu/

The following chart includes the student payment terms referenced in the Flow Chart to describe the category of student payment. Each category has specific processing requirements & tax reporting obligations which are outlined on the chart below.

Common Payment Scenarios					
Is your student?	Payment Type	Description of Payment Type?	ISU Contact	IRS Form Tax Reporting Responsibility	IRS Form Tax Reporting Responsibility
				US Citizen	Non-Resident students
A volunteer?	Volunteer	A volunteer contributes time, effort and talent without any expectation of present or future salary, wages or benefits, and without any coercion or intimidation.	HR 8-8311	N/A	N/A
An ISU Employee? <ul style="list-style-type: none"> • An hourly student employee? • A temporary or ongoing position within a campus department or program? • Hired to perform a specific service to the University? • A graduate student with a position that qualifies for an assistantship? 	Wage/Salary: Teaching Assistant Research Assistant Administrative / Operational Assistant Pre-professional Assistant	An amount paid in return for the services performed for the University by an individual.	HR 8-8311	W2	W2 or 1042-S if treaty benefit applies

Common Payment Scenarios

Is your student?	Payment Type	Description of Payment Type?	ISU Contact	IRS Form Tax Reporting Responsibility	IRS Form Tax Reporting Responsibility
				US Citizen	Non-Resident students
<ul style="list-style-type: none"> Awarded funds to cover educational expenses, i.e., where student receives credit? Awarded funds to support an internship where student receives credit? 	Scholarship / Grant (Financial Aid)	An amount paid or allowed to, or for the benefit of, a student (undergraduate or graduate) as a result of enrollment at an educational institution to aid in the pursuit of their studies or related research, e.g., amounts paid to tuition and required fees, books, supplies or equipment and does not exceed the University's published tuition and fee charges (i.e., the cost of attendance which can include tuition, room, board, etc.)	Financial Aid 8-2740	1098T	1042-S *
<ul style="list-style-type: none"> Awarded funds where the student works for an external employer and the University provides funding to the external employer? 	Site Agreement / Third-Party Employer	An agreement whereby ISU agrees to pay an external employer money. The student is considered an employee of the third-party.	Research and Sponsored Programs 8-2528	N/A	N/A
<ul style="list-style-type: none"> Awarded funds where no credit is awarded and university makes payment to student? 	Fellowship	An amount paid for the benefit of an individual to aid in their pursuit of study or research, where i) the individual is not receiving credit for academic work associated with the payment; ii) no services are expected in return for support for the payment and, iii) payments are not used to pay tuition and required fees, books, supplies or equipment.	Comptroller/ Payroll 8-7677	Non NSF/NIH/NRSA Fellowships W2 NIH/NRSA Fellowships - Letter to Student	W2, if applicable. 1042-S*
<ul style="list-style-type: none"> Receiving a tuition waiver as part of a graduate assistant appointment? 	Tuition Waiver	Tuition and fee waivers are an agreement between the student and the university to reduce or eliminate tuition and/or fees. All Illinois public universities are authorized to award two general types of tuition and fee waivers: Mandatory waivers and discretionary waivers. Mandatory waivers are authorized by	Financial Aid 8-2740	1098T – W2 for Gas over the \$5250 threshold.	W2 or 1042-S for GAs over the \$5250 with a treaty benefit

Common Payment Scenarios

Is your student?	Payment Type	Description of Payment Type?	ISU Contact	IRS Form Tax Reporting Responsibility	IRS Form Tax Reporting Responsibility
				US Citizen	Non-Resident students
		state statute and awarded to eligible students who meet the specific parameters and criteria included in the statute. Discretionary waivers, including statutory waivers, are granted at the discretion of the university.			
<ul style="list-style-type: none"> • Receiving a cash advance for business expenses incurred while doing university business? • Needing reimbursement for travel or entertainment expenses for university business? • Using personal funds for a department purchase? 	Reimbursements	An amount paid to an individual for expenditures incurred for activities that primarily benefit the university e.g. travel reimbursement for participation in conferences, seminars.	Comptroller/ Payroll 8-7677	N/A	1042-S* for travel reimbursement
<ul style="list-style-type: none"> • Receiving a one-time award or prize to honor his/her achievement? • Winning a raffle drawing or student-focused event? 	Gift/Prize/Award	An amount that is based on the achievement, performance, or competition of the individual, but it is not employment related and is not required to be used for tuition, fees, books, supplies or equipment.	Comptroller/ Payroll 8-7677	1099	1042-#*
<ul style="list-style-type: none"> • Receiving financial aid to cover living expenses after tuition and fees have been paid? 	Student Refund	An amount paid to student for excess cash in a Student Account based on i) a student's withdrawal from school; ii) scholarship/grant/loan paid in excess of tuition	Financial Aid 8-2740	N/A	1042-S*

Common Payment Scenarios

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		and required fees, books, supplies or equipment or iii) excess cash paid.			
<ul style="list-style-type: none"> Providing services to the University as an independent business? 	Vendor Payment	Payment for students for services provided by a student as an independent contractor that are not related to the individual's status as an enrolled student. Payments to students rarely meet the vendor payment classification standards.	Comptroller/ Payroll 8-7677	1099	1042-#*
COMMON SCENARIOS THAT MAY QUALIFY AS MULTIPLE PAYMENT TYPES – DEPENDING ON INDIVIDUAL CIRCUMSTANCES.					
<ul style="list-style-type: none"> Going to participate in an internship? 	Internship	An internship is a structured opportunity of fixed duration that provides training and experience to benefit the educational efforts of the student. Internships may take place at the student's educational institution, or at an outside organization. Internships may be full or part-time, and may be paid or unpaid positions.	<p>Please consult the Determination Flow Chart to identify the Student Payment category that best fits the circumstances of the specific internship and contact the appropriate ISU office for assistance.</p> <p>ISU cannot employ students as interns in a variety of different circumstances. For example, where services benefit a third party, or compensation does not meet applicable minimum wage requirements. In those circumstances, the University may be able to provide funding to support a student's internship directly to third party via a Graduate External Practicum or an Intern Site Agreement. Please contact RSP (8-2528) to discuss whether an agreement may be appropriate.</p>		
<ul style="list-style-type: none"> Receiving fees to participate in a research study? 	Research Study Payment	This is an amount typically paid to students as an incentive to participate in a research project. Typically this would be reported on a 1099, but if the payment is made to a student employee, it	Comptroller/ Payroll 8-7677		

Common Payment Scenarios

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		would be reported on a W2 or on an 1042-S, if applicable.*			
• Receiving a stipend?	Stipend	The term stipend merely means payment. All stipend payments must be evaluated to meet one of the definitions listed above.	Please consult the Determination Flow Chart to identify the Student Payment category that best fits the circumstances of the specific stipend and contact the appropriate office for assistance.		

*-income may be subject to 14% withholding on taxable portion for visa statuses “F”, “J”, “M”, or “Q” students with 30% withholding on all other immigration statuses unless a treaty benefit applies.

#-income may be subject to 30% withholding unless a treaty benefit applies.