

<b>Policies of the University of North Texas</b>	Chapter 10
<b>10.008 Stipends</b>	<b>Fiscal Management</b>

**Policy Statement.**

**Application of Policy.** Students

**Definitions.** None

**Procedures and Responsibilities.**

One type of stipend represents scholarship/fellowship payments to “students” for tuition, fees and living expenses. They cannot be tied to any obligation for past, present or future services. There can be no employee/employer relationship associated with this type of stipend payment and there are no fringe benefits associated with this type of stipend payment. Payments must be submitted to the Student Financial Aid and Scholarship Office on a Stipend Authorization form. These forms are available in the Student Financial Aid and Scholarship Office.

Recipients who are U.S. citizens or U.S. residents for tax purposes will be responsible for reporting any taxable amount of the stipend to the Internal Revenue Service (IRS). IRS regulations require that nonresident aliens who receive these types of payments will have federal income tax withheld at the rate of 14% on any taxable portion (travel, research and living expenses) of the stipend. An IRS Form 1042-S will be sent to all nonresident alien stipend recipients by March 15 of each tax-filing year. See Foreign National Students – Additional Requirements section below.

Stipend payments processed through the Student Financial Aid and Scholarship Office will be mailed or electronically deposited,

Any payment requiring some past, present or future obligation to entities other than UNT is "compensation" and should be processed through Payroll on a Stipend form as a taxable stipend. These payments will be subject to FICA and FIT withholding. Some granting agencies may use the term "stipend" in their guidelines and budget information. This DOES NOT necessarily mean that the payment will be processed as a "stipend" at UNT if services or some obligation is required of the stipend recipient. Contact the Office of Research Services if you have questions concerning these types of payments from grant funds.

**Responsible Party:** Student Financial Aid and Scholarship Office

Foreign National Students-Additional Requirements:

1. **Social Security Number or ITIN.** The Internal Revenue Service (IRS) requires that all foreign national students receiving any payments from a U.S. source, including stipend payments, must have a valid social security number (SSN) or individual taxpayer identification number (ITIN). If the Social Security Administration (SSA) determines that the student is not eligible for a SSN, the student must apply for an ITIN from the IRS. Student should

check with the local SSA office to determine if they are eligible for the SSN. The application forms and instructions for an ITIN (Form W-7) are available in the International Academic and Advising Center (IAAC) and the Payroll Office. Questions should be directed to the University Tax Accountant in the Payroll Office, 369-7014.

Responsible Party: International Academic and Advising Center

2. Foreign National Information (FNI) Form. All foreign national students receiving any payments from the University must complete and sign a Foreign National Information (FNI) form and submit the required copies of immigration documents to the Payroll Office before a stipend payment will be released from Student Accounting and University Cashiering Services. These forms are available in the IAAC, Student Accounting and University Cashiering Services, and the Payroll Office. Incomplete forms or forms submitted without the required copies of immigration documents will not be accepted. Questions concerning the FNI form should be directed to the University Tax Accountant, 369-7014.

Responsible Party: Student Accounting and University Cashiering Services

3. Tax Treaty Exemptions. Foreign national students from countries that have a current tax treaty with the U.S. and who wish to claim a treaty exemption from withholding taxes on any taxable portion of stipend payments must file an IRS Form W-8BEN at the time the stipend authorization form is submitted. Students claiming tax treaty exemptions on both compensation and taxable stipend payments may file one IRS Form 8233 to claim exemption from withholding taxes on both types of income. These forms are available in the Payroll Office. Questions concerning this form should be directed to the University Tax Accountant, 369-7014.

Responsible Party: Payroll Department

### **References and Cross-references.**

None

### **Forms and Tools.**

IRS Form 1042-S

IRS Form 8233

Approved: 8/1/1985

Effective:

Revised: 8/97; 8/98; 7/02; 11/05; 4/11\*

\*Format only