

Lehigh University Controller's Office Internal Guidelines for Student Financial Support

A. Student employment-related compensation and reimbursements:

Lehigh students receive compensation through the Payroll Office in return for services they provide to the University as a wage employee or graduate assistant. Please note that all payments provided to students in return for services must be made through Payroll (with associated tax withholding). It is not allowable to provide student scholarships or other personal benefits in return for services.

The Lehigh University Travel and Business Expense policy governs the proper reimbursement of business expenses to students in their capacity as wage employees or graduate assistants.

B. Financial Assistance to students to complete academic program:

Students receive financial support of their academic program through the Office of Financial Aid and other established graduate scholarship and fellowship programs. On occasion, students may receive supplementary financial support from other administrative offices in the form of grants, awards and loans that are a result of emergency needs, academic achievement, or other research-based support. The nature and amount of such aid is governed by a number of policies administered by other office such as Financial Aid, Student Affairs, Office of Research, and Athletics.

Reference to any form of aid in this document is not intended to imply that it is always allowable, please check with the appropriate administrative office to be sure that you are in compliance with NCAA, grant, government, and other University guidelines.

These guidelines are intended to enhance your understanding of the University's tax reporting and withholding requirements that may result from financial support that is provided outside of the financial aid process. Please refer to the table below to determine if your financial support will be subject to income tax reporting and/or withholding requirements. If the support is taxable, please contact the Payroll Office before providing the aid so proper reporting and tax remittance arrangements can be made.

Please note that the IRS considers all forms of income, cash or noncash, to be taxable income unless it is specifically excluded by law or regulation. The most critical tax issues arise when the recipient of the income is classified as a nonresident alien ("NRA")* for tax purposes because NRAs are subject to more rigorous tax reporting and withholding rules.

* A Nonresident alien student, generally speaking, is someone who is

- not a citizen
- has not received their permanent residency "green card"
- F1 or J1 student who has been in the U.S. for less than 5 years (count each year that student was here for even just one day).
- Students not on F1 or J1 who have been in the U.S. for more than 183 days

Final determination of nonresidency status for tax purposes will be made by the Payroll Office

Student Aid and Tax / IRS Reporting Implications

Note: Represents some common occurring examples. If a particular item is not listed, please contact the Controller's Office for a determination of allowability and tax treatment.

	Tax Implication				
	Taxable	Not Taxable	Report/Withhold US Citizen / Resident Alien	Report / Withhold NRA	Not Allowable
Clothing required for participation as part of athletic team or similar University program		X			
Clothing and other personal use items not required for University program	X			1042-S	Special approvals
Housing expenses for non-employee students	X			1042-S	Special approvals
Housing expenses for short term summer interns who are paid as employees (if meet special rules for temporary living expenses)		X			
Medical Insurance Reimbursement for student assistants (under Provost Office policy)	X		W-2	1042-S	
Medical Insurance Reimbursement for fellowship recipients (under Provost Office policy)	X			1042-S	
Medical Insurance Reimbursement outside of Provost Office policy	X			1042-S	Special approvals
Personal medical expense	X			1042-S	Special approvals
Prizes and awards for academic achievement or contests (not employment related)	X		Possible 1099-MISC	1042-S	
Prizes and awards that are employment related	X		W-2	W-2 or 1042-S	
Room and Board as a form of compensation for services					X
Travel grant for a student to attend a conference to further his/her education	X			1042-S	
Travel expenses for student to travel for University purposes (for example, as part of athletic team)		X			
Travel reimbursement related to attending a conference or other Lehigh University program in which the student has some formal role as a Lehigh employee		X			
Tuition/Educational materials/other reimbursements as a form of compensation for services.					X