

Student Payments

Payment Type, Processing, Reporting and Taxability

(Effective: June 1, 2018; Revised July 1, 2019)

US Citizen/Resident

Payment Type	Enrolled/Not Enrolled	Required for Degree?	Where Processed/ Recorded By	Reported on Form	Taxable? ¹
Scholarship/Fellowship	Enrolled	Yes	Student System	1098-T	<ul style="list-style-type: none"> • <i>Qualified expenses</i>² – No • <i>Non-qualified expenses</i> – Yes³
Payment for Services/Compensation⁴	N/A	N/A	Workday	W-2	Yes. Applicable payroll taxes are withheld.
Externship - Stipend	Yes	N/A	Penn Marketplace non-PO request (object code 5344)	1099-MISC (For payments aggregating \$600 or more)	Yes
Stipend – Service Related	N/A	N/A	Workday	W-2	Yes. Applicable payroll taxes are withheld.
Stipend – Non-Service Related⁵	Enrolled	N/A	Workday	No University reporting requirement	<ul style="list-style-type: none"> • <i>Qualified expenses</i> – No • <i>Non-qualified expenses</i> – Yes³

¹ The awarding school/center should notify recipient of the potential taxability of the payment prior to payment. The recipient should consult his/her tax adviser to determine the taxability of the payment.

² Qualified expenses include tuition, fees, books, supplies or equipment.

³ No taxes are withheld by the institution, however the individual may be required to report the payment for tax purposes. The individual should consult with his/her tax advisor.

⁴ Generally, students who are compensated for services, such as student workers, are employees under worker classification rules. Worker classification determination must be made in accordance with University guidelines *prior* to engagement of the individual to ensure proper taxation and reporting of payments to the individual.

⁵ Must be reported by students on their FAFSA form.

Payment Type	Enrolled/Not Enrolled	Required for Degree?	Where Processed/ Recorded By	Reported on Form	Taxable? ¹
Travel	Enrolled	Yes	Student Aid Management	1098-T	<ul style="list-style-type: none"> • <i>Qualified expenses – No</i> • <i>Non-qualified expenses – Yes³</i>
Travel	Enrolled	No	<ul style="list-style-type: none"> • <i>Penn Business⁶ – Concur/TEM</i> • <i>All Other – Penn Marketplace non-PO request (object code 5345)</i> 	<ul style="list-style-type: none"> • <i>Penn Business – No tax reporting (covered under accountable plan)</i> • <i>All Other – Report on Form 1099-MISC (For payments aggregating \$600 or more)</i> 	<ul style="list-style-type: none"> • <i>Penn Business – No</i> • <i>All Other – Yes⁷</i>
Travel	Not Enrolled	N/A	<ul style="list-style-type: none"> • <i>Penn Business⁸– Penn Marketplace non-PO request (object code 520X)</i> • <i>All Other – Penn Marketplace non-PO request (object code 5345)</i> 	<ul style="list-style-type: none"> • <i>Penn Business - No tax reporting (covered under accountable plan)</i> • <i>All other – Report on Form 1099-MISC (For payments aggregating \$600 or more)</i> 	<ul style="list-style-type: none"> • <i>Penn Business – No</i> • <i>All Other – Yes⁶</i>
Prizes and Awards	N/A	N/A	Penn Marketplace non-PO request (object code 5344)	1099-MISC (For payments aggregating \$600 or more)	<ul style="list-style-type: none"> • Yes
Emergency or “Gap” Payments	Enrolled	N/A	Student Financial Aid System	1098-T	<ul style="list-style-type: none"> • <i>Qualified expenses⁹ – No</i>

⁶ Penn Business includes travel by a student as part of their employment by Penn or travel by a student the purpose of which is to benefit Penn. In the latter situation, the School/Center should be able to provide documentation supporting the benefit of the travel to Penn.

⁷ No taxes are withheld by the institution, however the individual may be required to report the payment for tax purposes. The individual should consult with his/her tax advisor.

⁸ Penn Business includes travel by a student as part of their employment by Penn or travel by a student the purpose of which is to benefit Penn. In the latter situation, the School/Center should be able to provide documentation supporting the benefit of the travel to Penn.

⁹ Qualified expenses include tuition, fees, books, supplies or equipment.

Payment Type	Enrolled/Not Enrolled	Required for Degree?	Where Processed/ Recorded By	Reported on Form	Taxable? ¹
					<ul style="list-style-type: none"> • <i>Non-qualified expenses – Yes¹⁰</i>
Honoraria – Payment of Honoraria to Students is <i>prohibited</i> under Financial Policy #2319.2.	N/A	N/A	N/A	N/A	N/A
Human Subject Payments – See also Financial Policy #2319.1	N/A	N/A	<ul style="list-style-type: none"> • More than \$100 – Greenphire ClinCard or Penn Marketplace non-PO request (object code 5316) • \$100 or less – Greenphire ClinCard, petty cash, money orders or gift cards 	1099-MISC (For payments aggregating \$600 or more)	Yes

¹⁰ No taxes are withheld by the institution, however the individual may be required to report the payment for tax purposes. The individual should consult with his/her tax advisor.

Nonresident Alien

Payment Type	Enrolled/Not Enrolled	Required for Degree?	Where Paid From	Reported on Form	Taxable? ¹¹
Scholarship/Fellowship	Enrolled	Yes	Student System	<ul style="list-style-type: none"> 1042-S Income code 16 (Non-qualified only) 1098-T (issued upon request) 	<ul style="list-style-type: none"> <i>Qualified expenses</i>¹² – No <i>Non-qualified expenses</i> - Yes¹³
Payment for Services/Compensation¹⁴	N/A	N/A	Workday	W-2 and 1042-S, Income Code 20	Yes
Externship - Stipend	Yes	N/A	Penn Marketplace non-PO request (object code 5344)	1042-S, Income Code 23 Other Income, Prizes and Awards	Yes ¹⁵
Stipend – Service Related¹⁶	N/A	N/A	Workday	W-2 and 1042-S, Income Code 20	Yes
Stipend – Non-Service Related¹⁷	Enrolled	N/A	Workday	<ul style="list-style-type: none"> 1042-S Income code 16 (Non-qualified only) 	<ul style="list-style-type: none"> <i>Qualified expenses</i> – No <i>Non-qualified expenses</i> - Yes
Travel	Enrolled	Yes	Student Aid Management	<ul style="list-style-type: none"> 1042-S Income code 16 (Non-qualified only) 	<ul style="list-style-type: none"> <i>Qualified expenses</i> – No <i>Non-qualified expenses</i> - Yes

¹¹ The awarding school/center should notify recipient of the potential taxability of the payment prior to payment. The recipient should consult his/her tax adviser to determine the taxability of the payment.

¹² Qualified expenses include tuition, fees, books, supplies or equipment.

¹³ Subject to Federal income tax withholding of 30% unless the payments are exempt from tax under the Internal Revenue Code or a tax treaty. Students who are temporarily present in the United States in F-1, J-1, M-1, Q-1, or Q-2 nonimmigrant status are subject to a reduced 14% withholding rate on the taxable portion of the grant.

¹⁴ Includes student workers, teaching assistants and research assistants. Student would receive Form 1042-S along with Form W-2 with the completion of signed tax treaty benefits.

¹⁵ The University is required to withhold 30% tax on the full amount of the award unless the individual is exempt from taxation under a tax treaty.

¹⁶ Student would receive Form 1042-S along with Form W-2 with the completion of signed tax treaty benefits.

¹⁷ Must be reported by students on their FAFSA form.

Payment Type	Enrolled/Not Enrolled	Required for Degree?	Where Paid From	Reported on Form	Taxable? ¹¹
Travel	Enrolled	No	<ul style="list-style-type: none"> • <i>Penn Business</i>¹⁸ – Concur/TEM • <i>All Other</i> – Penn Marketplace non-PO request (object code 5345) 	<ul style="list-style-type: none"> • <i>Penn Business</i> – No tax reporting (covered under accountable plan) • <i>All Other</i> – Report on Form 1042-S, Income Code 23 Other Income 	<ul style="list-style-type: none"> • <i>Penn Business</i> – No • <i>All Other</i> – Yes
Travel	Not Enrolled	No	<ul style="list-style-type: none"> • <i>Penn Business</i>¹¹ – Penn Marketplace non-PO request (object code 520X) • <i>All Other</i> – Penn Marketplace non-PO request (object code 5345) 	<ul style="list-style-type: none"> • <i>Penn Business</i> - No tax reporting (covered under accountable plan) • <i>All Other</i> – Report on Form 1042-S, Income Code 23 Other Income 	<ul style="list-style-type: none"> • <i>Penn Business</i> – No • <i>All Other</i> – Yes¹⁹
Prizes and Awards	N/A	N/A	Penn Marketplace non-PO request (object code 5344)	1042-S, Income Code 23 Other Income, Prizes and Awards	Yes ²⁰
Emergency or “Gap” Payments	Enrolled	N/A	Financial Aid System	<ul style="list-style-type: none"> • 1042-S Income code 16 (Non-qualified only) 	<ul style="list-style-type: none"> • <i>Qualified expenses</i>²¹ – No • <i>Non-qualified expenses</i> – Yes²²
Honoraria – Honoraria Payments to Students	N/A	N/A	N/A	N/A	N/A

¹⁸ Penn Business includes travel by a student as part of their employment by Penn or travel by a student the purpose of which is to benefit Penn. In the latter situation, the School/Center should be able to provide documentation supporting the benefit of the travel to Penn.

¹⁹ The University is required to withhold 30% tax on the full amount of the travel award unless the individual is exempt from taxation under a treaty.

²⁰ The University is required to withhold 30% tax on the full amount of the prize unless the individual is exempt from taxation under a tax treaty.

²¹ Qualified expenses include tuition, fees, books, supplies or equipment.

²² Subject to Federal income tax withholding of 30% unless the payments are exempt from tax under the Internal Revenue Code or a tax treaty. Students who are temporarily present in the United States in F-1, J-1, M-1, Q-1, or Q-2 nonimmigrant status are subject to a reduced 14% withholding rate on the taxable portion of the grant.

Payment Type	Enrolled/Not Enrolled	Required for Degree?	Where Paid From	Reported on Form	Taxable? ¹¹
are prohibited under Financial Policy #2319.2.					
Human Subject Payments – See also Financial Policy #2319.1	N/A	N/A	<ul style="list-style-type: none"> • More than \$100 – Penn Marketplace non-PO request (object code 5316) • \$100 or less – Petty cash, money orders or gift cards 	1042-S Income Code 23 (For payments aggregating more than \$100)	Yes