

Tax Status of University Scholarships, Fellowships, Grants, and Stipends

Students who receive scholarship, fellowship, or other similar stipends paid through Rice University receive a tax document from the University each year. We want to alert you to how these payments are treated for U.S. federal tax purposes. Please read the following carefully.

Note: It is each person's individual responsibility to determine whether some or all of any scholarship, fellowship, stipend, or grant is taxable and to report any taxable portion on their tax return. This document is intended to inform you of the possible U.S. federal tax treatment of your payment based on the U.S. tax law and publicly available guidance. Rice University is not able to provide specific advice on how you should complete your individual tax return; you should consult your personal tax advisor with any questions or concerns.

Tax Withholding and IRS Forms

- Payments applied to a student account do not have taxes withheld.
 - Student account transactions are reported on Form **1098-T** generated by the Cashier's office and can be found in the Payment Suite.
 - If you are an international student you may need to request the Cashier generate your form manually if it is not in the Payment Suite. .
 - These forms are used to claim tax credits for eligible students, rather than pay taxes.
- Payments made through payroll have taxes withheld based on the W-4 filled out by the student.
 - These transactions are reported on Form **W-2** generated by Payroll.
 - These forms are used to report and calculate income tax to be paid to the IRS.
 - These forms were sent either through ADP or by mail for those who weren't registered in ADP. Instructions to sign up for ADP are below.
 - For W-2 questions, please contact PAYROLL@RICE.EDU or call 713.348.3410.
- Payments made through P2P (Graduate Fellows and Postdoctoral Fellows) do not have taxes withheld, except for nonresident aliens.
 - These payments are reported on Form **1099-MISC** generated by P2P. These updated forms were mailed to your address in iO in mid March. If you do not have this form, please email suppliers@rice.edu for assistance.
 - These forms are used to report and calculate income tax to be paid to the IRS.
 - For tax year 2021 the IRS instructed institutions that amounts formerly reported in box 7 of the 1099 should be reported in the new 1099-NEC. Unfortunately, some programs such as TurboTax will attempt to treat this as self-employment income – which this is not. If you have a 1099-NEC form and enter it in TurboTax

(and presumably other tax programs) you can select the “this is not money earned as an employee or self-employed individual...” which will then treat the income appropriately (income tax only).

- For questions on postdoc/graduate fellow payments, please contact the P2P team at PAYMENT@RICE.EDU.
- You can also check their website: [PAYMENT PROCESSING](#) for Q&A on Graduate Student Fellow Payments.
- Nonresident aliens that received nonqualified fellowship stipends with 14% withheld for federal income tax, and any foreign national that received fellowship or employment income tax-free due to claiming tax treaty benefits will have that income reported on one or more 1042-S forms. 1042-S forms may also be received for other types of taxed or tax treaty-exempt non-payroll payments such as awards, honorariums, or royalties. Individuals that have previously signed in to their Foreign National Information System (FNIS) account will have received the 1042-S form(s) on their FNIS accounts in mid-March. All others had copies mailed to them.
- For any questions relating to 1042-S forms or the FNIS system, please contact the Payroll department at payroll@rice.edu

IRS Terminology

The IRS uses the following terminology for U.S. federal tax purposes and it is helpful to understand their definitions:

- **U.S. citizen** – a person who is a citizen of the United States
- **Foreign national** – Generally, any person residing in the United States who is not a citizen is a Foreign National. For U.S. tax purposes, a foreign national can be as a U.S. resident alien or nonresident alien depending on whether certain tests are met.
- **Resident alien** – a noncitizen who has either: Been given the privilege, according to the immigration laws, of residing permanently in the United States as an immigrant. You generally have this status if the U.S. Citizenship and Immigration Services (USCIS) issued you an alien registration card, Form I-551, also known as a "green card." **OR**
 - Met the substantial presence test for the calendar year (see <https://www.irs.gov/individuals/international-taxpayers/substantial-presence-test> for instructions on meeting this requirement).
- **Nonresident alien** – a noncitizen who has met neither the green card test or the substantial presence test.

US Citizens, Resident Aliens and Nonresident Aliens

U.S. tax law states that in general a scholarship or fellowship isn't taxable to you if you are a degree candidate at an educational organization and the proceeds are used for qualified tuition and related expenses such as fees, books, supplies and equipment required of all students taking the particular course. If your scholarship payment is applied directly against charges on your university student account, only those qualified expenses on your account are non-taxable to you for U.S. tax purposes.

Any portion of a scholarship, fellowship, or similar grant or stipend that is applied for nonqualified expenses is considered taxable to you, and should be included in your taxable income when you file your U.S. tax return. Nonqualified expenses are those expenses not required for enrollment or for a particular course, such as room, board, travel, insurance, or general living expenses. These items are generally subject to federal income tax, but not payroll tax such as FICA or Medicare tax.

The above qualified scholarship rule does not apply if a scholarship or fellowship grant represents payment for services such as teaching, research, or other services required as a condition for you to receive the payment. For example, payment for your service as a TA or RA is taxable income. Also, cash stipends for your services aren't excludible from your taxable income as qualified tuition even if the money is used to pay tuition.

International Students and Postdoctoral Researchers:

International students and postdoctoral researchers who are nonresident alien may potentially be able to exclude a portion or all of their non-qualified payments or service income from their taxable income for U.S. tax purposes under the terms of an international tax treaty between the U.S. and their country of tax residence (tax treaty eligibility is based on an individual's country of tax residence, visa type, and past U.S. visa/immigration history).

Treaty benefits are only available to individuals with U.S. social security numbers (SSNs) or individual taxpayer identification numbers (ITINs).

International students and researchers should submit their SSN or ITIN to the University through their Foreign National Information System (FNIS) account. If tax treaty benefits are available, the necessary tax forms to claim the benefit will be sent to your FNIS account for you to print and sign. If you have any trouble accessing your FNIS account, you should contact the Payroll office at payroll@rice.edu for assistance. Any questions about obtaining an SSN or ITIN should be directed to the Office of International Students and Scholars at oiiss@rice.edu.

Further Resources

For questions on how to file your individual tax return, you may need to consult a tax return preparer. Below is a list of helpful resources for your reference:

- Who to contact if you have more questions: <https://controller.rice.edu/tax-home>.
- A Seminar/Webinar titled *Tax Information Webcast for Fellows* was held on August 26th, 2021. Here is the link to both the video and presentation: <https://rice.app.box.com/s/8l8a22f4u08r4n4pnx67mlnuqteig6bu>
- IRS website on general information on taxation of nonresident aliens: [CLICK HERE](#)
- IRS video on US Taxation of Foreign Student and Scholars: [CLICK HERE](#)
- IRS video on Tax Treaty Benefits for Non Resident Aliens: [CLICK HERE](#)
- The Office of International Students and Scholars (OISS) has excellent information on its Rice website. While primarily directed at International Students, it has information that may also be applicable to other individuals [HERE](#)
- The IRS has a list of free tax assistance resources in Houston [HERE](#)
- Tax return preparers (fees may apply):
 - [H&R Block](#)
 - [TurboTax](#)
 - other other online tax services
 - local CPA firms

To sign up for your W-2 through ADP

Originally requested in December 2021

To receive an electronic W-2 rather **please complete the following steps:**

1. Go to <https://my.adp.com>.
2. Click on **Create Account**.
3. Click on **I Have a Registration Code**.
4. Enter the Registration Code: **RiceEdu-W2**
5. Enter your legal name.
6. Select **W-2 Services**. (default option)
7. The following information is required to validate your access:
 - Year of W-2 = **2021**
 - Employee ID # = **Your iO Person Number** (You can access this in [iO](#) through *Me > Employment Info*. *Employment Info* is under *Quick Actions* in iO.)
 - Company Code = **57S**
 - Zip Code = **US zip code of your primary address in iO as of 12/1/2021**. (You can access this in [iO](#) through *Me > Contact Info*. *Contact Info* is under *Quick Actions* in iO. Look for the blue check mark next to your address to identify your primary address.)
 - Employee's SSA Number = **Your US Social Security Number**

8. After validating your access, you will receive a User ID and need to create a password. Access the [ADP portal](#) to sign into your account.
9. Check the box to accept the terms and conditions.
10. Click on **Create Your Account**.
11. Submit your consent to receive paperless tax statements.