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Date: December 14, 2005
To: Administrative Assistants, Faculty, Graduate and Undergraduate International Student Offices
From: Nate Peters and Christine Rodrigue
Re: IRS regulations regarding the taxability of payments to international students

Any payment, including a “reimbursement”, made to an international student present in the United States on an F or J visa, may be subject to 14% federal income tax withholding and reportable to the IRS.

Scholarships and fellowships are defined in IRS Publication 970. Generally, a scholarship or fellowship is an amount paid for the benefit of a student to aid in the pursuit of studies or research. A payment to an international student, nonresident alien, can only be categorized in one of two following ways:

1. A **qualified scholarship** – Includes only tuition, required fees, books, and supplies and is not subject to withholding or reporting or,
2. A **nonqualified scholarship** - Includes all payments other than tuition, required fees, books and supplies and is subject to 14% withholding and reportable to the IRS

Please remember that all international individuals are treated differently than U.S. citizens, permanent residents and resident aliens by both the USCIS and the IRS. Please keep this in mind when requesting an international student to perform a specific financial related activity. It is important not to place a student in a situation where a payment may be interpreted as a nonqualified scholarship or benefit.

We realize that the international students at Wesleyan are a vital part of our community. While we do not want to impose strict regulations on students, it is our obligation to abide by governmental regulations and to protect the University and students from adverse immigration and financial implications.

For instructions regarding the submission of a voucher to reimburse or pay an international student, please see the Foreign Tax Issues FAQ on the Finance website:

<http://www.wesleyan.edu/finance/foreignpayments/policies.html>

Do not hesitate to contact Christine Rodrigue, crodrigue@wesleyan.edu or x3502, with any questions you may have.