

University of Wyoming Financial Affairs

Policy No. TAX 1.0	Subject: Payments to or on behalf of students for travel expenses
Chapter: Payment procedures	Page 1 of 5
Department: University Investments & Taxation	Effective: 1/1/2019
Signature: David Jewell Associate Vice President, Financial Affairs	Revised: 1/1/2019

1. PURPOSE

To outline the proper procedures to classify and make payments to or on behalf of students for travel expenses.

2. POLICY

OVERVIEW

A payment/reimbursement to or on behalf of a student for travel generally represents either a “University business expense” or a “Fellowship Grant.” The purpose of this policy is to provide guidance in order to assist faculty, staff, and students in appropriately classifying the type of payment made and the procedures to follow once the determination has been made. From a tax standpoint, properly documented business expenses are non-taxable payments/reimbursements to the recipient. Fellowship Grant payments may represent taxable income to the student (and in cases of non-U.S. persons may also require withholding and reporting).

A. UNIVERSITY BUSINESS EXPENSE

In order to meet the criteria of “University business travel”, the purpose of the payment must represent a reimbursement for business expenses incurred for travel made on behalf of the University (i.e., the University is the primary beneficiary of the student’s travel). A payment of this type meets the business connection requirement of the IRS definition of an Accountable Plan and can be made on a tax-free basis. See [Official University Travel and Reimbursement Policy](#) for policy details and guidelines on expense reimbursements for University business expenses.

Examples of the types of student travel that could be considered “business expenses”:

- The travel directly supports a faculty member’s project or research program
- The travel is related to presenting or leading a session at a conference
- The travel is required to officially represent the University

- See Appendix A for more detailed examples -

B. FELLOWSHIP PAYMENTS

In most cases, an argument can be made that payments for student travel benefits both the individual and the University. However, in order to determine the classification of the payment, the primary beneficiary of the student payment must be identified as follows:

- Individual is primary beneficiary - facts show that the purpose for the payment is for educational assistance to aid in the pursuit of study or independent research. Most undergraduate awards and individual travel grants would typically fall into this category.
- University is primary beneficiary - facts show the purpose of the payment is to reimburse the individual for business expenses incurred on behalf of the University. The University has a clear business interest in paying the student's travel expenses {i.e., the student is playing a leadership role at the conference attended, or is representing the University at the conference, or attends the conference to support the faculty member's research (typically federal grant related)}.

If the expense does not fall into one of the categories mentioned above as a business expense (i.e., the examples discussed above in Section A), it is likely a Fellowship Grant payment because the individual is the primary beneficiary of the payment. In these cases the facts indicate that the primary purpose for the payment is for educational assistance to aid the student in the pursuit of independent study or research.

- **See Appendix A for more detailed examples** -

3. APPLICABILITY

Any University Unit responsible for making payments to or on behalf of students for travel expenses.

4. Definitions

U.S. Person – A United States Citizen, Permanent Resident, or Resident Alien for Tax Purposes under the applicable laws of the United States of America

Non-U.S. Person – Any other individual that does not qualify as a U.S. person

Fellowship Grant - From Treas. Reg. Section 117: A fellowship grant generally means an amount paid or allowed to, or for the benefit of, an individual to aid him in the pursuit of study or research. The term includes the value of contributed services and accommodations (such as room, board, laundry service, travel, and similar services or accommodations which are received by an individual as a part of a scholarship or fellowship grant) and the amount of tuition, matriculation, and other fees which are furnished or remitted to an individual to aid him in the pursuit of study or research.

5. PROCEDURES

A. HOW TO MAKE PAYMENTS FOR STUDENT TRAVEL THAT CAN BE CLASSIFIED AS UNIVERSITY BUSINESS EXPENSES FOR BOTH U.S. AND NON U.S. PERSONS

Student travel reimbursements (including registration fees) that can be classified as “University Business Travel” can be processed through the [Non-PO Invoice](#) process and should be coded to the respective Non-Employee Travel Account Code (Shown Below):

63101	Non Employee Transportation
63102	Non Employee Lodging
63103	Non Employee Meals
63104	Non Employee Other Travel

Alternatively, student travel expenses that can be classified as “University Business Travel” can be paid directly to third party suppliers using the appropriate [Non-PO Invoice](#) or [Non-Catalog Requisition](#) process. They can also be paid directly using a University Procurement Card.

Whichever method used, the [Student Business Travel Certification Form](#) should be used to substantiate the business expense – it can be attached along with any other required supporting documentation.

B. HOW TO MAKE PAYMENTS FOR STUDENT TRAVEL THAT ARE CONSIDERED FELLOWSHIP GRANTS FOR U.S. PERSONS:

Student travel reimbursements (including registration fees) that are considered fellowship grants can be processed through the [Non-PO Invoice](#) process. They should be coded to the below account code.

66520	Scholarships to Individuals
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The Tax Office will send out notices at the end of every calendar year that lets the student know that they will need to consult their tax advisor regarding Fellowship Grant payments made to them that are paid under this account code.

The preferred method of payment for Fellowship Grants is by reimbursement to the student. If student travel or conference fees are paid for directly by the University (by Procurement Card or any other means), **it is the responsibility of the University Department to provide the student with a letter that explains the possible tax consequences of the payment made on behalf of the student.** A template for such letter can be found [here](#).

NOTE: Just because the University Department pays the expenses directly on behalf of the student does not mean that it is not still considered a Fellowship Payment. The student is still the beneficial owner of the income for tax purposes even though the University paid a supplier directly on their behalf. The student will need to be notified of such payments made on their behalf as they may be considered taxable income.

C. HOW TO MAKE PAYMENTS FOR STUDENT TRAVEL THAT ARE FELLOWSHIP/SCHOLARSHIP/AWARDS (FSA) FOR NON-U.S. PERSONS:

Student travel reimbursements (including registration fees) that are considered Fellowship Grants that are paid to non-U.S. persons will need to be processed through the Office of Scholarships and Financial Aid's selection worksheet process. The payment will be posted to and refunded through their student account.

Instructions on how to award a scholarship through WyoScholarships can be found [here](#).

The payments may be subject to 14% tax withholding before any amount is refunded. Please contact the Tax Office for questions or further analysis on payments to non-U.S. persons at 307-766-2821 or tax@uwyo.edu.

APPENDIX A

Student reimbursements are of a complex nature and the below explanations are not inclusive and determinations may need to be made on an individual basis. Please contact the Tax Office for further analysis.

The student travel payment is generally considered a University business expense (nontaxable, non-reportable) if:

- ✓ The primary purpose and original intent is for the University to obtain useful results from the project/research
- ✓ Results or research will be used by the University
- ✓ Research is performed to fulfill University's obligations to outside funding entity
- ✓ Student is presenting or actively participating in a conference or competition on behalf of the University

Examples of nontaxable, non-reportable reimbursement:

- Student travels to Colorado to represent the university in a scholastic competition.
- Student travels to Tennessee to present at a conference, where the student's name is published (poster, website, brochure) as a presenter/contributor at the conference.
- Student travels to Australia to perform research, which happens to be the topic of her dissertation. The University would otherwise perform research on this topic, regardless of the student's research – the University is the primary beneficiary.

The student travel grant payment is generally considered to be a scholarship (taxable, reportable) if:

- Reimbursement is made for activities in which the university is relatively disinterested or the research is student led.
- The project/research's primary purpose and original intent is to further the student's education or training.
- The University obtains little or no benefit.
- Activities are performed to contribute to the development of the skills needed in the student's studies.

Examples of Taxable Travel Grant or Scholarship:

- Student travels to the United Kingdom for dissertation research which is not research the University would otherwise conduct – the student dissertation is the primary purpose of the travel – the student is the primary beneficiary.
- Student travels to a conference in Ireland as an attendee and does not present/contribute in official capacity.
- Student travels to China for Mandarin language training which will assist in language proficiency needed for degree. This is supplemental work that the student may need to succeed, but it is not a required part of the degree.