

## **International students' scholarships, stipends may be subject to tax withholding** <sup>[1]</sup>

July 3, 2019 by [Employee Services](#) <sup>[2]</sup>

Hiring international students for the upcoming fall semester? Remember that their scholarships and stipends may be subject to tax withholding.

### **Why are taxes withheld from scholarships and stipends?**

The University of Colorado is not required to withhold tax from, or report non-wage scholarship and stipend payments made to, U.S. students (citizens, legal permanent residents and tax residents).

However, when these payments are made to non-resident students, CU is obliged to deduct 14% tax for pre-payment of the students' tax year liability with the IRS. Gross payments and withheld tax are reported to non-residents on [Form 1042-S](#) <sup>[3]</sup>, which is mailed after the tax year closes.

### **How are scholarships taxed?**

Student bursar accounts are reviewed regularly for taxable scholarships. When the [International Tax Office](#) <sup>[4]</sup> identifies a non-resident student who has received a taxable scholarship, the required tax is charged to the student's bursar account. The student is notified of the amount owed via email.

If students have questions related to payment due dates or late payment penalties, they should contact their campus Bursar Office:

- [CU Boulder](#) <sup>[5]</sup>
- [CU Denver](#) <sup>[6]</sup>
- [CU Anschutz Medical Campus](#) <sup>[7]</sup>
- [CU Colorado Springs](#) <sup>[8]</sup>

### **How are stipends taxed?**

Stipends paid through HCM will have tax withheld when the [International Tax Office](#) <sup>[4]</sup> is informed by the student or department in advance of the first payment. All international student stipend recipients hired with the 3200 job code series should be referred to the [International Tax Office](#) <sup>[4]</sup>.

Your help in communicating this information to your international students with scholarships

and/or stipends will help ensure proper tax treatment of these payments and review of students' eligibility for possible tax exemptions.

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[2] <https://www.cu.edu/blog/hcm-community/author/10695>

[3] <https://www.cu.edu/employee-services/1042-s-form-nonresident-international-employee-tax-statement>

[4] <mailto:IntlTax@CU.edu>

[5] <https://www.colorado.edu/bursar/>

[6] <http://www.ucdenver.edu/student-services/resources/CostsAndFinancing/StudentBilling/contact/Pages/default.aspx>

[7] <http://www.ucdenver.edu/anschutz/studentresources/StudentBilling/contact/Pages/default.aspx>

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