

Reminder: International students' scholarships, stipends may be subject to tax withholding ^[1]

July 31, 2018 by [Employee Services](#) ^[2]

If you will be [hiring international students for the upcoming fall semester](#) ^[3], the International Tax Office would like to remind you that their scholarships and stipends may be subject to tax withholding.

Why are these taxes withheld?

The university is not required to withhold tax from, or report non-wage scholarship and stipend payments made to, U.S. students including citizens, legal permanent residents and tax residents.

When these types of payments are made to non-resident students, CU is obliged to collect or deduct 14 percent 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](#) ^[4], which is mailed after tax year closes.

How are scholarships taxed?

Student bursar accounts are routinely reviewed for taxable scholarships. When the [International Tax Office](#) ^[5] 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 and late payment penalties, they should contact their campus Bursar Office:

- [University of Colorado Boulder](#) ^[6]
- [University of Colorado Denver](#) ^[7]
- [University of Colorado Anschutz Medical Campus](#) ^[8]
- [University of Colorado Colorado Springs](#) ^[9]

How are stipends taxed?

Stipends paid through HCM will have tax withheld when the [International Tax Office](#) ^[5] is informed by the student or department in advance of the first payment.

All international student stipend recipients hired in HCM with the 3200 job code series should be referred to the [International Tax Office](#) ^[5]. With your help, we can ensure proper tax treatment of these payments and review your student's eligibility for possible tax exemptions.

We appreciate your assistance in helping to communicate this information to your

international student scholarship and stipend recipients.

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