

Student Stipends and Taxable Payments



Stay in compliance with tax regulations

Student stipends are not wage income and do not generate W-2s. When work or other pay is subject to taxation, charging it to a stipend position creates tax compliance issues for the recipient and the University of Colorado.

Comply with tax regulations by reviewing the following policy for student stipends:

Student stipends: Regulations

People on student stipends:

1. Should not be expected to provide services in exchange for stipend payment.
2. Need to be in a 32XX job code.
3. Must be in a stipend pay group (SPD for monthly stipends or STP for biweekly stipends).
4. Cannot be paid on an hourly basis.
5. May not receive any payments other than stipends through this position.

Payment options and information

If a person on a stipend is to receive payment for services or other income reportable on a W-2 (work for additional pay, an award, etc.), this cannot be paid from the stipend position. There are three options:

1. If the person has not had a non-stipendiary job with CU within the past calendar (tax) year, the payment must be made through Accounts Payable. This will generate a Form 1099 for U.S. citizens and tax residents, if above the minimum for such payments.
2. Accounts Payable payments to non-residents must be approved by the International Tax Office and may be subject to withholding. Form 1042-S will be issued for nonresidents regardless of the amount of the payment.
3. If the person has had a non-stipendiary job with the University within the past calendar (tax) year, the payment cannot be made through Accounts Payable. A stipendiary job from which the payment can be made must be activated in HCM.

Correct earnings codes

Only STP (for stipend payments) and BST (for stipend business expenses) earnings codes may be used with stipend positions. All other payments must be paid as outlined above.

Groups audience:

HCM Community

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