

PRIZES AND AWARDS - Students

Payments/value of merchandise received as a prize/award for Students who are U.S. Citizens or Permanent Residents

- Prize/Award payments that are “not for services rendered” to students who are either U.S. citizens or Permanent Residents will be reported on IRS Form 1099-MISC at calendar year end if the value is greater than or equal to \$600. All prizes/awards less than \$600 are tracked in the Business Office for possible reporting.

Required forms:

- IRS Form W-9, Request For Taxpayer Identification Number
- Cash Prize/Award Acknowledgement Form

Payments/value of merchandise received as a prize/award for Students who are Aliens (Non-U.S. Citizens)

- Prizes/Awards that are "not for services rendered" issued to nonresident alien students will be reported on an IRS Form 1042S at calendar year end. According to IRS regulations, 30% tax withholding rate applies and will be deducted from each payment or charged to the student's account (in the case of merchandise). In addition, an income tax treaty exemption is generally not applicable for prizes or awards.

Required Forms:

- IRS Form W-8BEN, Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding
- Cash Prize/Award Acknowledgement Form
- Foreign National Information Form
- Copy of U.S. SSN or complete Form W-7 if they do not have a U.S. SSN
- Copy of I-94
- Copy of I-20
- Copy of passport

TRAVEL REIMBURSEMENT/AWARD - Students

Travel reimbursements **to and/or on behalf of US Citizen/Resident Alien students**, with receipts, are not taxable to the student and not reported.

Travel reimbursements **to and/or on behalf of Nonresident Alien (NRA) students** fall into two categories: scholarship or employment.

1. **--A. Scholarship - taxable:** If a NRA student travels for a club, course, etc.; travel reimbursement for and/or payment on-behalf of a NRA is considered **taxable** scholarship/travel award and federal withholding rates of 14% applies. This includes lodging, transportation, bag fees, meals, registrations, and any other expenses. The IRS looks at this travel as for the benefit of the NRA student's education. (*Example: DECA club sends students to DECA convention, taxable at 14% and reportable*).
1. **--B. Scholarship - non-taxable:** If a NRA student travels **as required by class syllabi**; reimbursement for and/or payment on-behalf of an NRA's travel is considered **non-taxable** with proper documentation (a copy of the syllabus attached to each type of travel payment request). (*Example: Geology course requires field trip as part of class syllabi*).
2. **Employment - non-taxable:** If a NRA student travels and is **currently** on MSU payroll and working for the department in which the travel occurs, then reimbursement for travel to and/or on-behalf of the NRA student is **non-taxable** because it is allowed under the IRS accountable plan. The Form Foreign Student Certification for Business Related Reimbursement is required to be completed and attached. (*Example: Research assistant for INBRE Grant travels to present research findings at a conference*).

NRA–NonResident Alien Students US–United States Citizen/Permanent Resident Students

TYPE OF AWARD / PRIZE TRAVEL REIMBURSEMENT	TAXABLE	CONDITIONS
Cash	Yes	<ul style="list-style-type: none"> Any Amount (US or NRA)
Cash Equivalents, including Gift Cards and Gift Certificates	Yes	<ul style="list-style-type: none"> Any Amount (US or NRA)
Prizes-De Minimis	No	<ul style="list-style-type: none"> NRA—Awards/Prizes of tangible personal property (not a gift card or gift certificate) of \$99.00 or less are non-taxable. You can give multiple gifts to the same individual, but \$99.00 is the cumulative non-taxable limit for a calendar year. US – Awards/Prizes of tangible personal property (not a gift card or gift certificate) of \$99.00 or less are non-taxable. These are tracked in the Business Office along with other income in case the 1099-MISC limits are met for reporting in each calendar year.
Prizes-De Minimis	Yes	<ul style="list-style-type: none"> NRA—Awards/Prizes of tangible personal property (not a gift card or gift certificate) of \$99.99 or more are taxable at 30% to NRA and reportable at calendar year end on Form 1042S.
Student Travel Reimbursement	Yes	<ul style="list-style-type: none"> NRA Students who receive travel expenses in relation to their education or club (attending a seminar, conference, etc.) will be taxed at 14%, including travel reimbursement or payments made on their behalf. The 14% tax maybe exempt with an applicable tax treaty, and if the student has a Social Security number or Individual Tax Identification number (ITIN).
Student Travel Reimbursement	No	<ul style="list-style-type: none"> NRA Students who receive travel expenses in relation to their compensation (attending a seminar, conference, etc. in relation to employment) will not be taxed qualifying under the IRS accountable plan. FORM --Foreign Student Certification for Business Related Reimbursement must be completed and attached for reimbursement, pre-payment, billing, etc. on behalf of the NRA student. NRA Student travels as required by class syllabi with proper documentation attached.
	No	<ul style="list-style-type: none"> Travel reimbursement out-of-country is not taxable nor reportable as it is not considered U.S. source income.