

STIPEND CLASSIFICATION WORKSHEET

(This person MUST be a student.)

Student ID _____

SSN _____

Student name _____

Scholarship/stipend name _____

Stipends have differing terms with regard to conditions for receiving and taxability. At UALR stipends are classified as (1) compensatory or (2) non-compensatory (grant-in-aid). This worksheet is provided to assist in properly classifying stipends. Circle correct answer and check determination box.

1. Is the recipient contractually obligated to accept employment with the grantor or other designated organization after the stipend period?
 Yes – go to compensatory box
 No – go to question 2
2. Is the recipient participating in activities on UALR's or the external grantor's premise?
 Yes – go to question 3
 No - go to question 4
3. If the recipient was not available would others paid by UALR and/or the external grantor perform the same function as the recipient?
 Yes – go to compensatory box
 No - go to question 4
4. Do the activities of the recipient provide a benefit to UALR or the external grantor that is more than de minimis or insignificant?
 Yes – go to question 5
 No - go to non-compensatory box
5. Is the activity directly connected to UALR's academic or related extracurricular student program?
 Yes – go to question 6
 No - go to compensatory box
6. Is the payment of the stipend contingent upon the recipient completing a practicum, field experience or other activities?
 Yes - go to compensatory box
 No - go to non-compensatory box

Compensatory Stipend - Payments made to an individual that are contingent on the individual completing a specified activity. UALR can immediately withdraw or cancel the stipend if the recipient does not begin or discontinues participation in the activity. Compensatory stipends are reportable as taxable income. UALR has tax reporting and tax withholding responsibilities and will issue a W-2 and/or 1042S to the recipient.

These payments must be processed through the payroll system. Complete a PAF and forward with a copy of this worksheet to Human Resources.

Non-compensatory Stipend – Payments made to an individual that are not contingent on the individual completing a specified activity. UALR may continue the payments through the academic term even though the recipient does not participate in the activity. On campus we sometimes refer to them as Scholarship Stipends or Grant-in-aid Stipends. Non-compensatory stipends may be eligible for partial exclusion from income under IRC Section 117. UALR has no tax reporting or tax withholding responsibilities except for foreign nationals.

These payments must be processed through the financial aid system. Complete a Scholarship Notification Form and forward with a copy of this worksheet to Student Financial Services.

Completed by: _____ Department _____

Signature _____ Date _____