

Student Travel and Reimbursements Taxability

POLICY STATEMENT

OVERVIEW

A payment/reimbursement to a student for travel represents either a “University business expense” or a “fellowship/scholarship/award” (“FSA”) payment. The purpose of this policy is to provide additional guidance in order to assist faculty, staff and students in appropriately classifying the type of payment made. From a tax standpoint, properly documented business expenses are non-taxable payments/reimbursements to the recipient. FSA payments may represent taxable income to the student (and in cases of non-U.S. persons may also require withholding and reporting).

I. UNIVERSITY BUSINESS EXPENSE

A. What Qualifies As A Business Expense?

In order to meet the criteria of “University business travel”, the purpose of the payment must represent a reimbursement for business expenses incurred for travel made on behalf of the University (i.e., the University is the primary beneficiary of the student’s travel). A payment of this type meets the business connection requirement of the IRS definition of an Accountable Plan and can be made on a tax-free basis. Please see [Accountable Plan](#).

Examples of the types of student travel that could be considered “business expenses”:

- If the travel directly supports a faculty member’s project or research program
- If the travel is related to presenting or leading a session at a conference (a photocopy of the conference program indicating the traveler is a speaker/presenter will be required)
- If the travel is required to officially represent the University

B. How to Report Business Expenses for Reimbursement

- Report business expenses through the [travel ND](#) expense reporting system. This includes providing proper documentation and filing the expense report within 60 days of the date the expense is incurred or paid.
- New Requirement: The student must include with the expense report a “[Student Business Travel Certification Form](#)”, approved by a faculty member to show that the travel meets one of the business purposes mentioned above.

II. FELLOWSHIP/SCHOLARSHIP/AWARD (FSA) PAYMENTS

A. What Qualifies as a Fellowship/Scholarship/Award (FSA) Payment?

In most cases, an argument can be made that payments for student travel benefits both the individual and the University. However, in order to determine the classification of the payment, the primary beneficiary of the student payment must be identified as follows:

- Individual is primary beneficiary - facts show that the purpose for the payment is for educational assistance to aid in the pursuit of study or independent research. Most undergraduate awards and individual travel grants would typically fall into this category.
- University is primary beneficiary - facts show the purpose of the payment is to reimburse the individual for business expenses incurred on behalf of the University. The University has a clear business interest in paying the student's travel expenses (i.e., the student is playing a leadership role at the conference attended, or is representing the University at the conference, or attends the conference to support the faculty member's research (typically federal grant related)).

If the expense does not fall into one of the categories mentioned above as a business expense (i.e., the examples discussed in I. A. above), it is likely an FSA payment because the individual is the primary beneficiary of the payment. In these cases the facts indicate that the primary purpose for the payment is for educational assistance to aid the student in the pursuit of independent study or research.

B. How to Report Fellowship/Scholarship/Awards (FSA) for Reimbursement

- Request payment [travelND](#).
- If classified as a FSA, the recipient should be given a copy of the [University's FSA letter](#).
- Travel and expense reports submitted without the Student Certification Form will be classified as a fellowship/scholarship/award (FSA) payment and may represent taxable income to the student.
- The University is not required to report FSA income on a year-end income tax statement to students who are U.S. Persons (Citizens, U.S. Permanent residents, Resident Aliens for tax purposes). However, FSA payments made to international students who are nonresident aliens for tax purposes will be subject to withholding and reporting on year-end tax statement Form 1042-S.

**University of Notre Dame
Student Business Travel Certification Form**

A completed Student Business Travel Certification Form must be submitted with a travel expense report when requesting reimbursement to a student for University business travel in order for the payment to be made on a tax-free basis under the University's Accountable Plan rules. Similar to the method used for attaching other receipts, this form should be scanned and attached to the student's travel and expense report filed through [travel ND](#).

Name of Student _____

NDID or NetID _____

Location and Dates of Travel: _____

I certify that these expenses (check all that apply):

____ Directly supports a faculty member's project or research program, or;

____ Are related to presenting or leading a session at a conference (a photocopy of the conference program is attached), or;

____ Are incurred while officially representing the University

Note: The detailed business purpose for student travel must be described on the Travel and Expense Report that this Certification Form is attached to.

If none of the above criteria are met, this form should not be completed and the reimbursement will be classified as a fellowship/scholarship/award (FSA). The payment of FSA may represent taxable income to the student (please give the student a copy of the University's FSA letter) and may be subject to withholding and reporting if paid to an international student.

Signature -Faculty member
University of Notre Dame

Date