

# Arkansas State University

## Student Payment Request Procedure

### Purpose

The purpose of this policy is to define and establish procedures for paying university students (U.S. Citizen and International) and non-students in the form of stipends or tuition.

### Stipend Definition/Determination

In certain circumstances the university will pay a student a stipend for participation in a project or for attendance in a class. The Internal Revenue Service in code section 117 provides criteria for determining a student's eligibility and tax responsibilities for such payments. In no circumstance may a student receive a stipend for services rendered to the university or to circumvent federal, state, or university wage definitions and requirements. To assist in determining the eligibility for stipend payments all of the following criteria should be considered as a basis for student stipend payments:

- The activity is part of the student's overall educational program.
- The activity is for the benefit of the student as part of their educational experience, not for the primary benefit of the university.
- The activity is considered extracurricular in nature and may provide benefit to a group within the university, but not a tangible service to the university.
- The services rendered by the student are such that the university would not consider hiring an employee to perform the activity.

### Tuition Payment Definition/Determination

Tuition and fee payments may be in addition to other compensation, such as student labor paid for services provided or student stipend payments as defined in the proceeding section of this procedure. In no circumstance shall tuition and fees be paid in place of wages for services rendered to the project or university or to circumvent federal, state, or university wage definitions and requirements.

### International Students

Before an international can receive payment through a Student Payment Request Form the student has to go through the Tax Compliance Process. Tax residency, treaty options, and possible tax rates that need to be applied to the payment will be determined. Please contact Fran Lincoln (flincoln@astate.edu) before the payment process is started or it will delay the payment for the international student.

### Payment Process

The university department (in conjunction with the Principal Investigator (PI) for sponsored activity) will determine if the student is eligible for a stipend or a tuition and fee payment. Once the student has been deemed eligible for such payments, the department initiates the Student Support Payment Request form. During the process, it is the department's responsibility to obtain the student's signature and advise the student such payments may affect their future financial aid as well as their taxable income. The student should contact his or her personal tax advisor to discuss possible tax ramifications, since the university cannot offer tax advice to individuals. Once the student signature\* has been obtained the form shall be routed as follows:

1. Principal Investigator (if applicable) – reviews and approves
2. Department Chair – reviews and approves
3. College Dean – reviews and approves
4. Sponsored Programs Accounting (if Grant related) reviews and approves and then assigns a detail code from Banner or requests a new detail code to be created in Banner from Student Accounts.
5. Tax Compliance Office will review and approve all requests. If applicable, the office will recalculate payments due to international students based on international tax treaty agreements and forward them to Student Account Services.
6. Student Account Services processes stipends based on detail code assigned. If no detail code exists it will be created at this point. If credit is due to the student a check is processed through the cashier's office for mailing to their Billing Address, unless the student has previously chosen for their funds to be directly deposited into their bank account.

\*No signatures made by department staff or faculty for the student, even with permission by the student, will be accepted. The form will be returned to the department.