Taxation of Scholarships & Fellowships

NRA Prizes/Awards 30% Tax

Is the payment for a scholarship, fellowship, or a prize?
- Scholarship or fellowship: The pursuit of study or research
- Prize: Recognition of past achievement; no restriction on use

Scholarship or Fellowship

Is the scholarship or fellowship limited in use to tuition, books, and required fees, supplies & equipment?

Yes

Is the student a candidate for a degree at an eligible educational institution?

No

The payment is considered a 'non-qualified' scholarship or fellowship and may be taxable.

The 'non-qualified' scholarship or fellowship is taxable.
- The income is self-reported.
- No Form 1099 is received.
- No tax is withheld.
- Student receives correspondence from the University.

U.S.

Is the recipient a U.S. citizen/U.S. person, or a non-resident alien (NRA)?

Yes

Are the studies or research to be conducted entirely outside of the U.S.?

No

The 'non-qualified' scholarship or fellowship may be taxable. See discussion below.

NRA

Non-Qualified Scholarship & Fellowship Payments to NRAs

Examples: ‘Non-qualified’ scholarships/fellowships may include payments for room/housing, board/meals, stipends, thesis support, travel, cash, as well as gift cards, airfare, clothing allowance

Visas: All NRA student visa information is on file via the Glacier system. This documentation is required to determine if the student’s visa allows for payment.

For application of tax treaty benefits: Require IRS Form 8233 which is completed through Glacier. Texas Christian University students are required to complete this information via the Glacier system within 10 days after the student’s arrival. If no treaty benefits are available, and the student does not have a F1, J1, M1, or Q Visa, then 30% taxes will be withheld. Also, if the student does not, or will not, complete these forms, then no treaty benefits are available.

For F1, J1, M1, & Q Visas only: Tax withholding will not exceed 14%. Except prizes, awards or other income will be taxed at 30%

Sourcing Rules: Tax withholding only applies to U.S. source income.

IRS Form 1042-S: Will be provided through Glacier each year to NRA students who receive a taxable scholarship or fellowship.