Travel grants, reimbursements, and/or payments made in regard to a scholarship or fellowship are not covered under the IRS accountability rule, and therefore, depending on their citizenship status and out of pocket qualified tuition and related education expenses may be tax reportable to the recipient.

A travel grant is non-taxable and excludable from reporting when the business purpose includes a required service benefiting the University. The IRS has ruled that this type of travel grant may follow the same accountability guidelines as reimbursements for employees.

Examples: research collaboration between two schools, attending a conference to present a paper or poster.

Correct account coding is in the 35xxx business travel expense range.

Without a required service benefitting the University, accountable plan rules do not apply. Even if receipts are provided or collected.

Examples: attending a conference for one's own educational purpose, working on one's own course of study (i.e. dissertation or research paper).

Correct coding is 55105 or 28636.

Nonresident alien students receiving travel grants, reimbursements, and/or payments made with regards to a scholarship or fellowship without a required service benefitting the University are subject to IRS tax reporting and possible tax withholding of either 14% or 30%, depending on visa type and recipient's student status. Correct coding is 55105 or 28632.

Although the University is only required to tax report to the IRS when the recipient is a nonresident alien; all scholarships, fellowships, grants provided to the University students who are U.S. citizens or resident aliens are subject to IRS regulations requiring self-reporting of the net of aggregated awards received that exceed qualified tuition and related education expenses. See IRS Publication 970.

Upon review or audit, when it is determined that a process has been incorrectly tax reported, Business Affairs Office's next step is to correct it going forward, assist departments with understanding the correct process, and help them find ways to assure it does not continue.
Research travel

Research travel that meets IRS accountable plan rules and could be coded in the range 35xxx:

- Results or research will be used by the university
- Research is performed to fulfill university’s obligations to outside funding entity

Research travel that does not meet IRS accountable plan rules to be coded as 55105 or 28636:

- Student travels for dissertation research which is not research the university would otherwise conduct – the student dissertation is the primary purpose of the travel – the student is the primary beneficiary.
- Student travels to a country for language training which will assist in language proficiency needed for degree. This is supplemental work that the student may need to succeed, but it is not a required part of the degree.