

PLU Scholarships, Fellowships and Awards to be Disbursed through Accounts Payable

Criteria and Procedures

Criteria (must satisfy all points listed below):

- Recipient must be current PLU undergraduate or graduate student. (See Ruth Carlson Nursing Award exception below.)
- The terms of the scholarship, fellowship or award require that it be used for purposes other than tuition and mandatory course-related expenses (fees, books, supplies and equipment required of all students in your course of instruction). Qualified education expenses (those aforementioned) do not include the cost of room and board, travel, research, clerical help, or equipment and other expenses not required for enrollment in or attendance at an eligible education institution. Scholarship or fellowship amounts used to pay these costs are taxable according to the IRS, and are generally includable in your gross income for federal income tax purposes.
- The scholarship, fellowship or award must be used to pay for costs not applied to the student account by PLU (e.g., summer research projects). In other words, if the award must be used for semester or J-Term study away expenses, it will be credited to the student account by Financial Aid to offset PLU's applicable program fees that are charged to the student account.
- Recipient is not required to render services in exchange for the scholarship, fellowship or award. (Any portion deemed to be pay for services, that is, earned income, will be subject to payroll tax withholding and reportable on Form W-2.)

All scholarships expected to be used to pay for qualified education expenses will be awarded by the Financial Aid Office.

See IRS Publication 970 – Tax Benefits for Education for detailed information about the tax treatment of scholarships, fellowships, grants, and tuition reductions. Publication 525 – Taxable and Nontaxable Income may be helpful as well. You may also wish to seek advice from a tax professional, as the university is not able to offer specific tax advice.

Procedures:

- Payment request must be submitted to the Business Office on a **Check Request Form** (see Business Office's web page to access current version under "Documents - Misc. Forms"). Awards granted to international students (non-resident aliens for tax purposes) are subject to US federal income tax withholding.
- A **copy of the Award Letter** must be attached as backup to the Check Request Form. If the award letter does not adequately address the terms of the award, a document so doing must be included with the payment request.
- The document entitled, *Scholarships and Fellowships – IRS Tax Issues*, should also be attached to the Check Request Form, and will be given to the recipient along with the check. (Obtain this document on Business Office's web page under "Documents – General Information".)
- The PLU department or office requesting payment must provide a copy of the Check Request Form and Award Letter to the Financial Aid Office. (This is to inform Financial Aid of the name of the student recipient and amount of the award being disbursed through Accounts Payable.)

Ruth Carlson Nursing Award (given annually to a person who has graduated in Nursing):

Deemed to be taxable prize or award, and payment is reportable by PLU on IRS Form 1099-Misc.