



## Employee Payments to Individuals

### POLICY STATEMENT

University employees are prohibited from making payments directly to students or other individuals with the intent of seeking subsequent reimbursement from the University. The University should issue payments directly from the Payroll Department to individuals directly to ensure payments and required withholdings are made in accordance with Internal Revenue Service ("IRS"), U.S. Citizenship and Immigration Services ("USCIS") regulations. The University reserves the right to not reimburse payments to University employees if this policy and the following procedures are not followed.

Examples of a University employee submitting a request for reimbursement that will include a payment made to another individual, or group of individuals (who may or may not be an employee or have a relationship to the University):

- Payments to University study participants
- Payments to an individual for rent by a faculty or staff member
- Payments to individuals (either U.S. citizens or foreign nationals) for expenses or services attending a conference
- Payments to students by a faculty member as part of a class project learning incentive, or
- Payment by a faculty member to an assistant in a foreign country while working on a research project

There can be a number of reporting issues that may impact payees, including:

Foreign Nationals - payments made to a foreign national who is a Nonresident Alien ("NRA") may be subject to income tax withholding or they may not have the appropriate U.S. immigration status required to perform the activity.

IRS - in most situations, these payments will be taxable (and in many cases, require reporting) to the individual who receives the payment from the staff or faculty member.

Financial Aid - payments to a student may impact the financial aid package for the year.

NCAA - payments to a student may be a violation of what the student is eligible to receive if the student is a varsity/scholarship athlete.

Payments to individuals in foreign countries:

**In limited circumstances, exceptions may be made to the above-stated policy, if a University faculty or staff member is traveling in a foreign country and makes a payment to a non-U.S. citizen. Facts and circumstances involving**

**certain foreign payments should be referred to the Tax Department to ensure the exception is properly documented and approved.**