

ALP SUMMER FUNDING

ALP Summer Award Purpose/ Tax implications

The purpose of an ALP summer award is to further the professional development of Arts Leadership Program certificate students and alumni by providing financial support for internships and specific opportunities that relate to a student's career goals and ALP course-work. Funding for internship opportunities are available to current students and alumni; special opportunity grants are available to current students only.

Our primary focus is to provide you with funding to assist in covering most living expenses, so that you can take advantage of an opportunity you may not otherwise be able to afford. It is not to compensate you an hourly wage plus expenses. That said, **the IRS considers this a monetary prize or award when not reimbursed against actual expenses with original receipts.**

Method of Payment

For purposes of ALP summer awards, there are 3 different methods by which you may be paid.

- **Option 1 – UR Student Employee**

You must claim this as income on your tax return. Must be eligible for student employment (returning students only). You will be paid as a student employee in HRMS. Report time, paid on an hourly basis. Paid on a biweekly basis during term of employment. Taxes taken out of each paycheck unless it is under a certain threshold amount. If you are an International student it is best to contact the International Services Office, as each case is different. <http://www.iso.rochester.edu/>. See additional links at the end of this document.

- **Option 2 -- Monetary award**

You must claim this as income on your tax return. A portion will be paid in advance and the balance at the end of the internship. Normally this is 50% in advance; 50% at the end. Tax implications:

- If you are an employee of the University (including student employees) a request will be made to issue a monetary award check to you. In most cases, taxes will not be withheld. This will be a check separate from your normal payroll check.
- If you are not an employee of the University and the award is over \$250, you will receive a 1099 form at the end of the year. Otherwise, you will receive no additional documentation from the university.
- If you are an **International student** it is best to contact the International Services Office, as each case is different. <http://www.iso.rochester.edu/>. It is likely that taxes will be withheld. See additional links below.

- **Option 3 -- Reimbursed for actual expenses**

It is not necessary to claim this as income on your tax return. Paid after all expenses have been incurred at the end of your internship/ special opportunity grant experience. Students are reimbursed for entire amount up to approved award amount and as per award letter. Student will be required to submit original receipts and an itemized summary in Excel. **NO EXCEPTIONS.** Expenses not submitted in this manner will be returned for proper re-submission. Must be submitted no later than 30 days after the experience end date.

Summer internships -- the method of payment for summer internships is dependent upon the student's employee status with the university. If you are a University of Rochester employee, we will first make every attempt to pay under Option 2 (no taxes withheld). However, in certain circumstances we may be required to pay under Option 1. For those who are not a University of Rochester employee, Option 2 will be utilized.

Special opportunity grants are only paid under Option 3.

Exceptions to the way in which your award is paid will only be considered on a case by case basis. The decision of the award committee is final.

Other helpful links:

Taxable Payments to Individuals: Gifts & Employee Awards:
Monetary Prizes, Awards & Gift Certificates

<http://www.rochester.edu/adminfinance/finance/assets/pdf/TPI0504.pdf>

International Students and Foreign Nationals

UR International Services Office

Home page: <http://www.iso.rochester.edu/>

Tax Information: <http://www.iso.rochester.edu/taxes/index.html>

UR Finance Policy/Procedure: Payment to Foreign Nationals
(except salary/wage payments)

<http://www.rochester.edu/adminfinance/finance/PDFs/NRAPolicy1107.pdf>

Guideline for Taxation of Payments to Foreign Nationals
(GLACIER checklist instructions)

<http://www.rochester.edu/adminfinance/finance/PDFs/glacierchecklist.pdf>