



Concur Student Travel

**Tax Considerations and
Guidance for Fiscal Officers completing the *Business
Expense Certification* field in Concur**

September 2020

Introduction

- Starting October 1, all student travel conducted on behalf of the University and will be processed through Concur.
- What this means to you as a Fiscal Officer:
 - Travel Requests and Travel Expense Reports for UConn student travelers will now be processed through Concur
 - Fiscal Officers will be responsible for approving Travel Requests for student travelers as the Concur “Approver”
 - When UConn incurs travel expenses for a student, this may create a taxable event for the student
 - In certain circumstances Approvers will be required to complete a *Business Expense Certification* (“BEC”) field to address such tax considerations
- In this presentation we will:
 - Provide an overview of the tax rules regarding student travel
 - Provide guidance to Approvers for completing the BEC field

Overview of Student Travel Tax Rules

*3 step process to determine treatment for tax purposes **

Step 1: Is the payment taxable to the student?

- How would the IRS categorize the payment for tax purposes?

Step 2: Is the payment reportable to the IRS?

- Is the payment made to, or on behalf of, a US Citizen/Equivalent or a Nonresident Alien?

Step 3: Is UConn required to withhold taxes from the payment?

- Is the payment made to, or on behalf of, a US Citizen/Equivalent or a Nonresident Alien?

* The Tax & Compliance Office completes this 3 step process; completing this process is not a Fiscal Officer responsibility

Overview of Student Travel Tax Rules

Step 1: Is the payment taxable to the student?

- *How would the IRS categorize the payment for tax purposes?*

Payments made to UConn students generally fit into one of five categories for tax purposes:

- 1) Scholarship**
- 2) Fellowship**
- 3) Prize or Award**
- 4) University Business Expense**
- 5) Wages**

Overview of Student Travel Tax Rules

Step 1: Is the payment taxable to the student?

- *How would the IRS categorize the payment for tax purposes?*

Overview of each payment category:

- 1) **Scholarship:** Amount provided to a student to aid in his/her academic studies. A scholarship is taxable to the recipient unless the recipient uses it to pay for Qualified Tuition and Related Expenses (“QTRE”). QTRE includes tuition and mandatory University fees, but does not include room and board, health insurance, or non-mandatory University fees.
- 2) **Fellowship:** Amount provided to a recipient in the pursuit of the individual’s own study or research that is not for UConn’s benefit. A fellowship is taxable to the recipient unless the recipient uses it to pay for QTRE (same standard as for scholarships).
- 3) **Prize or Award:** Amount paid to a recipient as part of a contest, competition, or giveaway.
- 4) **University Business Expense:** A reimbursement for an expense incurred while conducting University business. A University Business Expense is not taxable to the recipient.
- 5) **Wages:** Amount provided to an employee by an employer in return for past, present, or future services for the conduct of University business.

Overview of Student Travel Tax Rules

Step 1: Is the payment taxable to the student?

- *How would the IRS categorize the payment for tax purposes?*

Travel expense categorization (including direct pay or reimbursement):

- Typical Tax Treatment: **University Business Expense** or **Fellowship**

General Tax Rule for Travel Expenses
Employee = University Business Expense
Student, University Fellow, Non-Employee Post-Doc = Fellowship

- Example of a travel expense **direct pay**
 - Airfare is booked through UConn's preferred travel agency, and the airfare is paid directly by UConn
- Example of travel expense **reimbursement**
 - Traveler pays for their hotel using their own credit card, and then requests reimbursement for the expense through Concur

Overview of Student Travel Tax Rules

Steps 2-3: Is the payment reportable to the IRS? Is UConn required to withhold taxes from the payment?

- *Is the student a US Citizen/Equivalent or a Nonresident Alien?*
- **A US Citizen/Equivalent** includes:
 - US Citizen;
 - Green Card holder; or
 - Individual who has spent sufficient time in the US to meet the IRS “Substantial Presence” Test. *
- **A Nonresident Alien** includes:
 - All other individuals
- Payments to Nonresident Aliens may be subject to tax withholding at rates up to 30%
 - Payments subject to tax withholding include cash stipends and in-kind payments such as travel expenses

* The Tax & Compliance Office maintains student records and makes the determination as to whether an international student is considered a US Citizen/Equivalent or a Nonresident Alien

Overview of Student Travel Tax Rules

Student Travel Expense – Tax Summary

Travel Expense Category	Is payment of the expense taxable to the student?	Is UConn required to report the payment to the IRS?		Is tax withholding required?	
			Nonresident Alien	US Citizen / Equivalent	
Fellowship	Yes	No	Yes	No	Maybe *
University Business Expense	No	No	No	No	No


- Travel expenses that are classified as a Fellowship to a Nonresident Alien student are reportable to the IRS on Form 1042-S, and may be subject to 14% income tax withholding


* The Tax & Compliance Office maintains student records and makes the determination as to whether tax withholding is required

Business Expense Certification Field Guidance

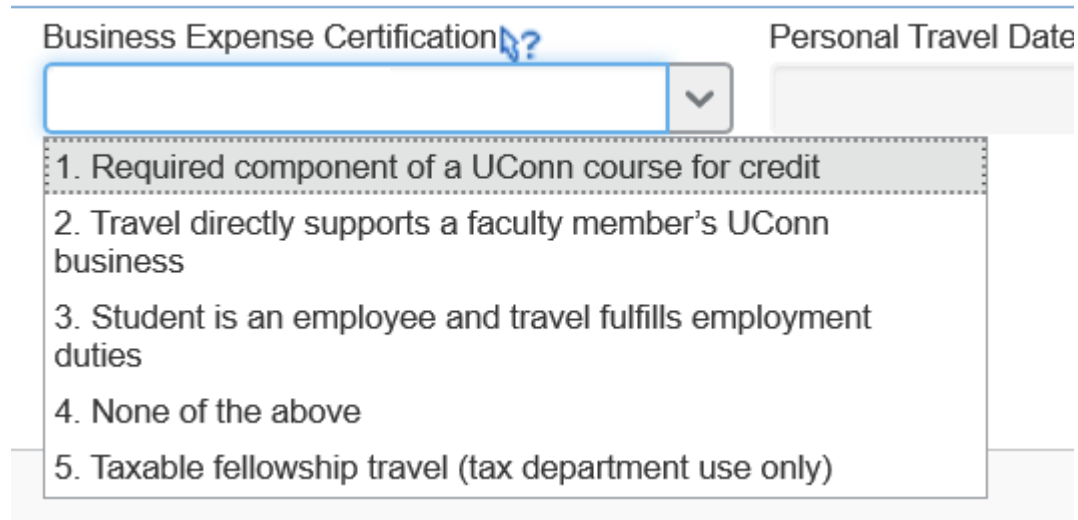
Travel expense incurred by the University on behalf of a student is generally considered a **Fellowship** but may be considered a **University Business Expense** under certain circumstances.

- The Business Expense Certification (“BEC”) field will be used to support whether the travel expense is a Fellowship or a University Business Expense
- The Approver will be required to complete the BEC field for certain Travel Requests from students who are not US citizens
- A red warning will display in the Approver’s view when the BEC is required:

Request Header 	Segments	Expense Summary	Approval Flow	Audit Trail
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 As the Approver of this request, you must complete the “Business Expense Certification” field with respect to the reason for the travel. Guidance on these field options can be found at www.tax.uconn.edu/concur. You may also contact Tax & Compliance at taxcompliance@uconn.edu. The value of this travel, whether paid directly by the University or reimbursed to the student, may represent taxable income to the student as a fellowship.

Business Expense Certification Field Guidance, ctd.



The screenshot shows a web form with two fields: "Business Expense Certification?" and "Personal Travel Date". The "Business Expense Certification?" field is a dropdown menu that is currently open, displaying a list of five options. The first option, "1. Required component of a UConn course for credit", is highlighted with a grey background. The other options are "2. Travel directly supports a faculty member's UConn business", "3. Student is an employee and travel fulfills employment duties", "4. None of the above", and "5. Taxable fellowship travel (tax department use only)".

Business Expense Certification?	Personal Travel Date
<div>▼</div> <div><div>1. Required component of a UConn course for credit</div><div>2. Travel directly supports a faculty member's UConn business</div><div>3. Student is an employee and travel fulfills employment duties</div><div>4. None of the above</div><div>5. Taxable fellowship travel (tax department use only)</div></div>	

Description of each BEC field:

- 1. Required component of a UConn course for credit** – This option should be selected if the travel expense is a required component of a UConn course for which the student will receive academic credit, and the cost of the travel was billed to the student as a mandatory fee on the student's Fee Bill.

Business Expense Certification Field Guidance, ctd.

2. **Travel directly supports a faculty member's UConn business** – Select this option *only if* one of the following statements is accurate:

- *The student's travel will produce tangible results which the faculty member will use for University business purposes. Examples include when a faculty member will publish the results secured by the student's travel in a research paper or when a faculty member will present the results secured by the student's travel in a University course.*
- *The student is travelling as a named presenter at a conference or similar event, and the subject matter of the presentation is a faculty member's research project.*
- *The student's travel is appropriate to charge to a faculty member's external grant.*

Business Expense Certification Field Guidance, ctd.

3. **Student is an employee, and travel fulfills employment duties** – Select this option if the student is an employee (e.g. Graduate Assistant, Employee Post-Doc, or other employee), and the travel is conducted to fulfill the student's employment responsibilities.
4. **None of the above** – This option should be selected by the Approver if none of the options 1 through 3 above apply. The Tax & Compliance Office may reach out to the Approver to obtain additional information regarding the purpose for the travel.

Business Expense Certification Field Guidance, ctd.

Q: What happens if the Tax & Compliance Office concludes that the travel expense is a taxable fellowship, and that tax withholding is required?

A: If tax withholding is required, this tax will be funded by the University

- No further action is required by the Fiscal Officer or the student
- Once the Expense Report is finalized, the Tax & Compliance Office will remit the withholding tax to the IRS on behalf of the student
- This approach will alleviate the tax burden from both the student and the UConn department

Questions?

If you have questions while completing the Business Expense Certification, the Tax & Compliance Office is here to help!

Contact the Tax & Compliance Office at: taxcompliance@uconn.edu

You can find additional tax guidance at:

- BEC Field, Frequently Asked Questions document: tax.uconn.edu/concur
- Tax & Compliance Website: tax.uconn.edu

Concur questions:

- Concur Resources: travel.uconn.edu/training-and-resources
- Contact the Travel department: travel@uconn.edu