

Taxation of International Student Scholarship

University of Louisiana at Lafayette

- Internal Revenue Code requires that 14% tax be withheld on nonqualified scholarships received by a nonresident alien individual who are temporarily present in the United States as a nonimmigrant under F, J, M or Q immigration status.

- Nonqualified Scholarship/Fellowship
 - Housing
 - Meals
 - Insurance
 - Travel
 - Cost of Attendance (COA- Athletics)

- Exemption on 14% withholding requirement
 - Tax Treaty (must have TIN or SSN)
 - Has met the substantial presence test and is considered a resident alien (RA) for tax purposes. (RA will be taxed on world-wide income)

Substantial Presence Test

(Students are exempt from counting days for the first 5 years present in the US.)

- To meet the SPT test, you must be physically present in the US on at least
 1. 31 days during the current year, and
 2. 183 days during the 3-year period that includes the current year and the 2 years immediately before that counting:
 - All the days you were present in the current year, and
 - 1/3 of the days you were present in the first year before the current year, and
 - 1/6 of the days you were present in the second year before the current year.

- All students who receive nonqualified scholarships will be asked to complete
 - Student- Foreign National Data Form (used to determine SPT)
 - **Must include copies of (1) passport; (2) Visa; (3) I-94; and (4) I-20 or DS2019**
 - W8BEN (www.IRS.gov)