## Rice Payment Reference Guide

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<th>Payment Type</th>
<th>Definition</th>
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<tr>
<td>Compensation</td>
<td><em>Form I-9 required</em> Payment made to an individual for services rendered as an employee for an employer.</td>
<td>Wages, salary, summer salary, bonus, and other one-time payments</td>
<td>Employee</td>
<td>Payroll</td>
<td>Human Resources</td>
<td>Payroll graduated tax tables based on Form W-4, Form 8233 and / or Form W-9</td>
<td>Form W-2 and / or Form 1042-S</td>
</tr>
<tr>
<td>Graduate Research Assistants</td>
<td><em>Form I-9 required</em> Performing services for research that benefits the sponsoring agency or university and produces a deliverable.</td>
<td>Graduate payments to Research Assistants and Teaching Assistants</td>
<td>Student</td>
<td>Payroll</td>
<td>Human Resources</td>
<td>Payroll graduated tax tables based on Form W-4 and/or Form 8233, Form W-88BEN, Form W-9</td>
<td>Form W-2 and / or Form 1042-S</td>
</tr>
<tr>
<td>Graduate Teaching Assistants</td>
<td><em>Form I-9 required</em> Performing services in support of teaching activities.</td>
<td>Gift cards, leased vehicles, cell phone reimbursements, tuition waivers over $5,250 and classes not deemed a working condition fringe</td>
<td>Employee</td>
<td>Procure to Pay</td>
<td>Procure to Pay</td>
<td>Payroll federal supplemental rate plus FICA and Medicare</td>
<td>Form W-2 and / or Form 1042-S</td>
</tr>
<tr>
<td>Additional Taxable Income</td>
<td>A form of pay (including property, services, cash, or cash equivalent) in addition to stated pay for the performance of services. These benefits are not specifically excluded from income by law.</td>
<td></td>
<td></td>
<td>Procure to Pay</td>
<td>Procure to Pay</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scholarship or Fellowship Grant</td>
<td>No services required to receive payment. If services provided to receive payment, refer to Compensation for payment process.</td>
<td>Financial support to aid or benefit an individual in pursuit of study or research. Includes graduate fellows, postdoctoral fellows, participant and trainee support (student research trainees, attending program).</td>
<td></td>
<td></td>
<td></td>
<td>Students have reporting responsibility to the IRS if US citizens, permanent residents or resident aliens</td>
<td>Form 1098-T</td>
</tr>
<tr>
<td>Qualification</td>
<td>Qualified (non-reportable as income): Tuition, required fees, books, supplies, equipment.</td>
<td>Qualified payments to Research Assistants and Teaching Assistants</td>
<td>Student</td>
<td>Procure to Pay</td>
<td>Procure to Pay</td>
<td>Non-Qualified: None for US citizens, permanent residents and resident aliens</td>
<td>Form 1042-S for nonresident aliens</td>
</tr>
<tr>
<td></td>
<td>Non-Qualified (taxable): all other including, but not limited to room, board, travel, research, optional fees, emergency expenses.</td>
<td>Qualified payments to Research Assistants and Teaching Assistants</td>
<td>Student</td>
<td>Procure to Pay</td>
<td>Procure to Pay</td>
<td>Non-Qualified: 14% if F, J, M, or Q visa or 30% for other nonresident aliens, unless treaty benefit available and claimed</td>
<td>Form 1099 for US citizens, permanent residents and resident aliens</td>
</tr>
<tr>
<td></td>
<td>Neither employee or student; e.g. visiting scholars</td>
<td>Qualified payments to Research Assistants and Teaching Assistants</td>
<td>Student</td>
<td>Procure to Pay</td>
<td>Procure to Pay</td>
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Per IRS regulations, the employee will have imputed on his/her income the total of these miscellaneous fringe benefits.

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**Payment Type**

- **Compensation**
  - Payment made to an individual for services rendered as an employee for an employer.
  - Examples: Wages, salary, summer salary, bonus, and other one-time payments
  - Party Receiving Payment: Employee
  - Office Issuing Payment: Payroll
  - Process Owner: Human Resources
  - Tax Withholding: Payroll graduated tax tables based on Form W-4, Form 8233 and / or Form W-9
  - Reporting: Form W-2 and / or Form 1042-S

- **Graduate Research Assistants**
  - Performing services for research that benefits the sponsoring agency or university and produces a deliverable.
  - Examples: Graduate payments to Research Assistants and Teaching Assistants
  - Party Receiving Payment: Student
  - Office Issuing Payment: Payroll
  - Process Owner: Human Resources
  - Tax Withholding: Payroll graduated tax tables based on Form W-4 and/or Form 8233, Form W-88BEN, Form W-9
  - Reporting: Form W-2 and / or Form 1042-S

- **Graduate Teaching Assistants**
  - Performing services in support of teaching activities.
  - Examples: Gift cards, leased vehicles, cell phone reimbursements, tuition waivers over $5,250 and classes not deemed a working condition fringe
  - Party Receiving Payment: Employee
  - Office Issuing Payment: Procure to Pay
  - Process Owner: Procure to Pay
  - Tax Withholding: Payroll federal supplemental rate plus FICA and Medicare
  - Reporting: Form W-2 and / or Form 1042-S

- **Additional Taxable Income**
  - A form of pay (including property, services, cash, or cash equivalent) in addition to stated pay for the performance of services. These benefits are not specifically excluded from income by law.
  - Examples: Gift cards, leased vehicles, cell phone reimbursements, tuition waivers over $5,250 and classes not deemed a working condition fringe
  - Party Receiving Payment: Employee
  - Office Issuing Payment: Procure to Pay
  - Process Owner: Procure to Pay
  - Tax Withholding: Payroll graduated tax tables based on Form W-4 and/or Form W-8233, Form W-9
  - Reporting: Form W-2 and / or Form 1042-S

- **Scholarship or Fellowship Grant**
  - No services required to receive payment. If services provided to receive payment, refer to Compensation for payment process.
  - Examples: Financial support to aid or benefit an individual in pursuit of study or research. Includes graduate fellows, postdoctoral fellows, participant and trainee support (student research trainees, attending program).
  - Party Receiving Payment: Student
  - Office Issuing Payment: Procure to Pay
  - Process Owner: Procure to Pay
  - Tax Withholding: Non-Qualified: None for US citizens, permanent residents and resident aliens
  - Reporting: Form 1042-S for nonresident aliens

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**Tax Withholding and Reporting**

- **Qualified: non-taxable**
  - Students have reporting responsibility to the IRS if US citizens, permanent residents or resident aliens
  - Form 1098-T

- **Non-Qualified: None for US citizens, permanent residents and resident aliens**
  - Form 1042-S for nonresident aliens
  - Form 1099 ($600 or greater) for US citizens, permanent residents and resident aliens

- **Non-Qualified: 14% if F, J, M, or Q visa or 30% for other nonresident aliens, unless treaty benefit available and claimed**
  - Form 1042-S for nonresident aliens
  - Form 1099 (500 or greater) for US citizens, permanent residents and resident aliens

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**Notes**

- **Employee**
  - Includes graduate research assistants and teaching assistants.

- **Student**
  - Includes graduate research assistants and teaching assistants.

- **Cashier**
  - Various

- **Qualified: non-taxable**
  - Students have reporting responsibility to the IRS if US citizens, permanent residents or resident aliens

- **Non-Qualified: None for US citizens, permanent residents and resident aliens**
  - Form 1042-S for nonresident aliens

- **Non-Qualified: 14% if F, J, M, or Q visa or 30% for other nonresident aliens, unless treaty benefit available and claimed**
  - Form 1042-S for nonresident aliens

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**Reporting**

- **Form W-2**
  - For US citizens, permanent residents and resident aliens

- **Form 1098-T**
  - For students

- **Form 1042-S**
  - For nonresident aliens

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**Form W-2**

- **Form 1098-T**
  - For students

- **Form 1042-S**
  - For nonresident aliens

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**Form 1099**

- **(500 or greater)**
  - For US citizens, permanent residents and resident aliens

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**Form 1099**

- **(500 or greater)**
  - For US citizens, permanent residents and resident aliens

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**Additional Taxable Income**

- **A form of pay (including property, services, cash, or cash equivalent) in addition to stated pay for the performance of services. These benefits are not specifically excluded from income by law.**

- **Gift cards, leased vehicles, cell phone reimbursements, tuition waivers over $5,250 and classes not deemed a working condition fringe**

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<tr>
<td>Payment for Independent Services</td>
<td>Non-employee compensation for professional services.</td>
<td>Consulting fees, Speaker fees, Contractor services, Honoraria</td>
<td>Employee</td>
<td>Payroll*</td>
<td>Human Resources*</td>
<td>Payroll graduated tax tables based on Form W-4, Form 8233 and / or Form W-9*</td>
<td>Form W-2 and / or Form 1042-S</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Vender - US citizens, permanent residents and resident aliens</td>
<td>Procure to Pay</td>
<td>Procure to Pay</td>
<td>None</td>
<td>Form 1099 ($600 and greater)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Vender - Nonresident aliens</td>
<td></td>
<td></td>
<td>30% unless treaty benefit available and claimed</td>
<td>Form 1042-S</td>
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<tr>
<td></td>
<td>*Proof of independent business required for employee or student payment to go through Procure to Pay.</td>
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</tr>
<tr>
<td>Living Expenses</td>
<td>Reimbursement or direct payment by Rice for living expenses.</td>
<td>Housing (on or off campus), meals, allowances</td>
<td>Employee</td>
<td>Procure to Pay</td>
<td>Procure to Pay</td>
<td>Payroll federal supplemental rate plus FICA and Medicare</td>
<td>Form W-2 and / or Form 1042-S</td>
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<td>Vender - US citizens, permanent residents and resident aliens</td>
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<td></td>
<td>Per IRS regulations, the employee will have imputed on his/her income the total of these living expenses.</td>
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</tr>
<tr>
<td>Prizes &amp; Awards</td>
<td>Prizes - financial payment provided based on a competition or other specified criteria. Awards - financial support based on achievement, performance, or other criteria.</td>
<td>Prize - 1st, 2nd, 3rd place in competition or contest. Award - Recognition for excellence or achievement. Either given in cash, gift card or gift certificate.</td>
<td>Employee</td>
<td>Payroll*</td>
<td>Human Resources*</td>
<td>Payroll federal supplemental rate plus FICA and Medicare</td>
<td>Form W-2 and / or Form 1042-S</td>
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<td></td>
<td>Vender - US citizens, permanent residents and resident aliens</td>
<td>Procure to Pay</td>
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<td>None</td>
<td>Form 1099 ($600 and greater)</td>
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<td>Neither employee or student US citizens, permanent residents and resident aliens</td>
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</tr>
<tr>
<td>Business Expense Reports or Reimbursements</td>
<td>Purchases made by faculty, staff, students, or visitors for Rice (refer to Rice’s Policy 806 and Policy 840).</td>
<td>Travel, entertainment, business meals, club memberships, athletic travel.</td>
<td>Employee / Student</td>
<td>Procure to Pay</td>
<td>Procure to Pay</td>
<td>Not applicable*</td>
<td>Not applicable*</td>
</tr>
<tr>
<td>Relocation Expenses</td>
<td>Payment to vendors or reimbursement to employee for expenses associated with relocating.</td>
<td>Moving company expenses, travel expenses related to the move, house hunting expenses</td>
<td>Employee</td>
<td>Procure to Pay</td>
<td>Procure to Pay</td>
<td>Payroll federal supplemental rate plus FICA and Medicare and / or Form W-2 and / or Form 1042-S</td>
<td>Form 1099 ($600 and greater)</td>
</tr>
<tr>
<td>Royalties</td>
<td>Payment for the right to use some type of intangible property.</td>
<td>Copyright, license fees, subscription fees</td>
<td>US citizens, permanent residents and resident aliens</td>
<td>Procure to Pay</td>
<td>Procure to Pay</td>
<td>None</td>
<td>Form 1099 ($600 and greater)</td>
</tr>
<tr>
<td>Human Subject</td>
<td>Survey or experiment participant</td>
<td></td>
<td>US citizens, permanent residents and resident aliens</td>
<td>Procure to Pay</td>
<td>Procure to Pay</td>
<td>None</td>
<td>Form 1099 ($600 and greater)</td>
</tr>
</tbody>
</table>

*Unreconciled PCard charges or late reimbursements after 60 days do not qualify under the IRS accountable plan rules and will be taxable income to the employee. These amounts will be imputed through Payroll for reporting and withholding.

Per the IRS regulations, the employee will have imputed on his/her income the total moving expenses, both received by the employee AND any amounts paid directly by Rice to vendors.
## IRS Forms and Definitions

<table>
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<th>Form</th>
<th>Description</th>
</tr>
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<tr>
<td><strong>Form I-9</strong></td>
<td>Verifies the identity and employment authorization of individuals hired for employment in the United States. This is a U.S. Citizenship and Immigration Services (USCIS) form, which is required for all individuals hired for employment in the U.S. Undocumented individuals are not eligible for employment in the U.S. DACA (Deferred Action for Childhood Arrivals) individuals are eligible for employment; however, DACA individuals must present documentation from the list of Form I-9 Acceptable Documents.</td>
</tr>
<tr>
<td><strong>Form 1042-S</strong></td>
<td>Reports foreign person's U.S. source income subject to withholding for the tax year. Forms issued by Payroll.</td>
</tr>
<tr>
<td><strong>Form 1098-T</strong></td>
<td>Reports enrolled amounts students received for qualified tuition and related expense payments for the tax year. Forms issued by the Cashier's Office.</td>
</tr>
<tr>
<td><strong>Form 1099</strong></td>
<td>Reports miscellaneous income, rents, royalties, prizes, awards, and other fixed determinable income for the tax year. Forms issued by Procure to Pay.</td>
</tr>
<tr>
<td><strong>Form 8233</strong></td>
<td>In general, independent personal services requires 30% income tax withholding (IRS section 1441) and compensation for dependent personal services requires withholding, sometimes at graduated rates (IRS sections 1441, 3401, and 3402). However, some payments may be exempt from withholding because of a tax treaty. <strong>Nonresident aliens claiming tax treaty benefits</strong> on compensation for independent (and certain dependent) personal services complete this form. Form is accessible through the Foreign National Information System (FNIS).</td>
</tr>
<tr>
<td><strong>Form W-2</strong></td>
<td>Reports payments (including noncash payments) for employee services and income tax withholding for the tax year. Forms issued by Payroll.</td>
</tr>
<tr>
<td><strong>Form W-4</strong></td>
<td>Employees complete this form (through iO) so employers can withhold the correct federal income tax from pay.</td>
</tr>
<tr>
<td><strong>Form W-8BEN</strong></td>
<td>In general, foreign persons are subject to U.S. tax at a 30% rate on income they receive from U.S. sources (IRS section 1441). <strong>Nonresident aliens</strong> certify their non-U.S. tax classification and/or claim tax treaty benefits for other income by completing this form. Form is accessible through the Foreign National Information System (FNIS).</td>
</tr>
<tr>
<td><strong>Form W-9</strong></td>
<td>Form requests the taxpayer identification number (TIN) of a U.S. person (including a resident alien) and requests certain certifications and claims for exemption. U.S. citizens and permanent residents certify their U.S. tax classification by submitting this form to Procure to Pay. Resident aliens claiming tax treaty benefits on compensation for independent (and certain dependent) personal services complete this form. Form is accessible through the Foreign National Information System (FNIS).</td>
</tr>
</tbody>
</table>

### Terms
- **Nonresident alien**: IRS term for a foreign person (not a U.S. citizen) who does not meet one of the two IRS tests - green card test or substantial presence test. An exception applies to residents of Canada and Bermuda.
- **Permanent resident**: IRS term for a lawful permanent resident of the U.S. according to the immigration laws, and this status has not been revoked administratively or judicially determined to have been abandoned.
- **Resident alien**: IRS term for a foreign person (not a U.S. citizen) who meets one of the two IRS tests - green card test or substantial presence test.
- **Tax TreatyBenefit**: The U.S. has income tax treaties with a number of foreign countries. Under these treaties, residents (not necessarily citizens) of foreign countries may be eligible to be taxed at a reduced rate or exempt from U.S. income taxes on certain items of income they receive from sources within the U.S. These reduced rates and exemptions vary among countries and specific items of income.