I. Purpose

To provide guidelines for stipend payments made to all University of North Carolina Wilmington (UNCW) students and employees.

II. Scope

This policy applies to all university departments and activities.

III. Policy

General Statement

A stipend payment is a fixed and regular payment or allowance. UNCW awards service and non-service stipend payments.

A. Service Stipends – A service stipend is funding that requires a recipient to assist with teaching, research, or other academic work such as Teaching Assistant (TA) or Research Assistant (RA). The recipient awarded a service stipend is considered an employee. The stipend award is equivalent to wages earned and is paid to the recipient through payroll. Taxes may be withheld and wages will be reported on IRS Form W-2.

B. Non-Service Stipends – A non-service stipend is funding that does not require a recipient to assist with teaching, research, or other academic work. A non-service stipend is awarded to a student with no service obligation as a condition of payment. The student is able to focus on his/her own academic goals in order to complete his/her degree. The department awarding the non-service stipend must communicate to the
Office of Scholarships & Financial Aid the name of the recipient, the award amount and the associated award term using Next Gen scholarship awards software. Access to the software is gained via mySeaport. On the **Academics Tab**, under the **Finaid Scholarships Tools**, the awarding department can access the link to open software. The disbursement is initiated by a feed of department funds to the student’s account and applied to any open balances. Any remaining funds will be refunded to the student. The non-service stipend will be reported to the student on IRS Form 1098-T.

**C. Nonresident Aliens** – Stipends paid to a nonresident alien may be subject to federal income tax withholding. U.S. sourced service stipend payments issued to a nonresident alien are reported on IRS Form W-2, unless it is exempt from tax under a treaty, in which case it is reported on IRS Form 1042-S. U.S. sourced non-service stipend payments are reported on IRS Form 1042-S. The department awarding a stipend to a nonresident alien should direct all service and non-service stipend payments to UNCW’S Tax Accountant.