

**UNIVERSITY OF HOUSTON SYSTEM
TAX DEPARTMENT GUIDELINE**

STIPENDS

The word "stipend" is generally only used in the industry of higher education. The problem is that "stipend" is by definition a "payment" of many different types, such as compensation, honorarium, wages, allowance, pay, fee, salary, income, hire, emolument, and remuneration. In universities and colleges, it is not uncommon for a stipend to be associated with the following different types of payments:

Wages to student employee for services	Travel reimbursement for university business
Payment to non-employee student for services	Participant payment to UH student
Non-student performer at graduation	Participant payment to non-UH student
Honorarium to non-employee student	Scholarship/fellowship
Human subject payment	Student leader - RA
Prize	Student leader volunteer
Royalty	Speaker fee to guest lecturer

Without a clear understanding of the facts and circumstances, it would be quite impossible to determine what a request for a "stipend payment" might mean. Consequently, for any "stipend payment" request, further clarification must be sought in order to determine the actual type of payment needed, such as the scholarship and payroll payment types below:

SCHOLARSHIP SITUATIONS

1. Payments for student to receive instructional training to further the student's education.
2. Student to perform lab research to benefit the student's educational experience or project, not to benefit a Principal Investigator's or University project.
3. Payments funded from a former faculty member for research training to encourage student to pursue a career as a research scientist.
4. Payments to law school student conditioned on the student's agreeing to practice law on a full time basis in public, nonprofit, or low-paying sectors of the legal profession following graduation.
5. Training grant payments from the National Research Service Award (NRSA) program sponsored by the National Institutes of Health ("NIH") or from the National Science Foundation ("NSF").

6. Research student is not required to enter into any agreements regarding the future patenting or use of any research findings or inventions attributable to their research activities.
7. The research issue is not determined by the University but by the research student themselves in conjunction with their faculty mentor.

PAYROLL SITUATIONS

1. Student's activities are directly related to the fulfillment of a contractual commitment to a specifically sponsored project.
2. Student's activities are subject to supervision, are geared to planned time schedules, requires specific progress reports, and will be valuable in enabling the University to fulfill its commitments.
3. The manner in which the University treats the student - that is, the student is accorded faculty privileges or whether the person receives health and other employee benefits.