

Request for Payment of Award or Prize to Student or UW Employee

Financial Management
Office of the Tax Manager
206-221-7969
taxofc@u.washington.edu

**Please use this form only to request the payment of a student scholastic award or an employee award or prize.
All other prizes and awards must be reported on a Check Request form.**

Recipient Information

| | | | |
|---|---------------------------|---|--|
| Recipient Name | | Recipient ID Number (check type) <input type="checkbox"/> SSN <input type="checkbox"/> ITIN <input type="checkbox"/> Student ID Number | |
| Is Recipient a Non-Resident Alien <input type="checkbox"/> Yes <input type="checkbox"/> No | If Yes, what tax country? | | |

Department Information

| | | | |
|-------------------------------|-----------------------------|---------------------------|--|
| Name of Requesting Department | | Name of Requestor | |
| Requestor's Phone Number | | Requestor's Email Address | |
| Amount of Payment | Budget Number to be Charged | Date Payment Required | <input type="checkbox"/> Check <input type="checkbox"/> Direct Deposit, if applicable |
| Description of Award/Prize | | | |

Award/Prize Information

| | |
|--|--|
| Please Indicate Type of Award/Prize <input type="checkbox"/> Student scholastic award—for student's cost of education (send to Student Accounts Tax Desk) <input type="checkbox"/> Employee award/prize (send to Payroll Department) | |
| Other Award (describe) | |

| | |
|-----------------------|------|
| Authorizing Signature | Date |
|-----------------------|------|

Procedures for Paying Awards and Prizes to UW Students and Employees

Outstanding UW students and employees are frequently rewarded for exemplary academic performance and employee service by receiving cash or other benefits. Complex federal tax laws complicate somewhat the amount, tax withholding and tax reporting of these payments. The procedures outlined are intended to simplify the process of making these awards.

In this context, “prizes” are given to students who have submitted entries to receive a prize—for example, the best architectural design, best short story, raffles, or music/poster competitions. Prizes generally require the recipient to enter into a judged competition. “Awards” are given to students and employees when no submission has been made to win the award. In general, employees receive only “awards.”

Overview of Federal Taxation of Awards and Prizes

With very few exceptions, any award made to employees, except non-cash awards of very nominal amounts (value of less than \$25), are considered wages to the employee and are subject to federal tax withholding, social security tax and are reported along with regular wages on the Form W-2.

Awards made to students are actually what the IRS considers “scholarships” and are not taxable to the extent that they are used to pay tuition and required fees, books and equipment. Amounts in excess of these requirements are taxable to the student. Please contact the Tax Office (taxofc@u.washington.edu or 221-7969) if award proceeds are not restricted as described above. For students who are US residents or resident aliens, there is no reporting or withholding requirements. For non-resident alien students, all awards must be reported on a Form 1042-S; amounts not used for tuition, books and fees must be withheld at 14%.

Prizes won by students are taxable, but are not considered wages, even if the student is employed by the UW. For US citizens and resident aliens, these payments are reported at year-end on a Form 1099-MISC if they exceed \$600. For non-resident aliens, 30% is withheld, and payments are reported on Form 1042-S.

Please refer to the attached matrix for more detailed guidance on the taxability of awards and prizes.

Requesting Payments

Please note that a purchase order is no longer required for payment of a prize or award.

Requests for payments to UW employees should be completed using the *Request for Payment of Award or Prize* form and be sent to:

Payroll Department, Box 355655
Fax: 543-8137, ginnym@u.washington.edu

Requests for scholarship or awards to UW students should be sent to:

Student Accounts, Scholarships Unit
Box 355871, Fax 685-2942
schol@u.washington.edu

Student Accounts requires that either the student or requesting department pick up checks. **Checks will not be mailed.**

Requests for payments for non-UW students and prizes to UW students should go to:

Financial Services Tax Desk, Box 351120
Phone 221-4928

Email questions:

US citizens and resident aliens:
ten99@u.washington.edu

Non-resident aliens:
nratax@u.washington.edu

A *Check Request* form is required for these payments.

For further information or questions, contact:
taxofc@u.washington.edu

University of Washington

Matrix for Awards and Student Prizes

| | Employee Awards | Student Awards and Prizes | | | | | |
|----------------------|--|---------------------------------------|------------------------------------|--|------------------------------|-------------------------|------------------------------------|
| Nature of Award | Recognizes services as employee, including services of student employees | Recognizes accomplishments as student | | | | | |
| Status of Individual | UW employee, including nonresident aliens (NRAs) | UW student (exc NRA) | | UW NRA student | | Student not at UW | |
| | | Awards | Prizes | Awards | Prizes | Awards | Prizes |
| Processed/Paid By | Payroll Office | Student Accounts | Payables Administration | Student Accounts | Payables Administration | Payables Administration | Payables Administration |
| IRS Reporting | W-2 | None | <\$600=none >\$600=1099-MISC | 1042-S | 1042-S | None | <\$600=none >\$600=1099-MISC |
| Tax Consequences | Taxable; tax withheld when prize paid | May be Taxable* | Taxable; tax due when return filed | May be Taxable*; taxable portion withheld at 14% | Taxable; tax withheld at 30% | May be Taxable | Taxable; tax due when return filed |

PRIZES generally require the recipient to enter into a judged competition. Such competitions include raffles, “best of” contests or music or writing competitions.

AWARDS are given to individuals where no formal entry has been made. Award proceeds for students are restricted to the use of cost of the student’s education.

* The portion of total restricted scholarships received in a calendar year that exceeds tuition and required fees, books, and equipment is taxable.

Note: Medical Residents are treated as employees for purposes of this chart; Treatment of awards to Student Appointees is based on the nature of the award—if related to student activity, as a student; if related to employee activity, as an employee.