

# Radford University

## Payments to Students

**Purpose:** To communicate Radford University's (RU) policy with regard to payments to students.

### Student Payments:

**Goods:** It is Radford University's policy to allow the purchase of goods from students at or below \$500, whether or not currently employed by the university. Payments for goods from students must be processed through the university's purchasing system.

**Services:** It is Radford University's policy to prohibit payments to students through the university's purchasing system for services. All students performing services for the university are considered employees and payments to these students must be processed on a Personnel PR40 form for proper reporting and tax withholding.

**Monetary prizes and awards:** All monetary prizes and awards to students are considered taxable income by the Internal Revenue Service. If a student is currently employed by the university and receives a monetary prize or award, payment to the student is accomplished by submission of a Personnel PR40 form for a one-time pay. If the student is not employed by the university, the prize or award should be processed through the university's purchasing system. All pertinent information about the prize or award and the recipient (name, address, social security number) must be included on the purchase request. The taxable amount will be reported on IRS Form 1099-MISC if appropriate. Expenditures for student recognition prizes and awards must also meet the proper charge against state funds criteria as administered by the Accounts Payable Office.

**Cash-like and non-monetary prizes and awards:** All cash-like prizes and awards (e.g., savings bonds, gift certificates, RU Express credits) and most non-monetary prizes and awards (e.g., items of personal property) are also taxable income and must be reported at fair market value. Non-monetary prizes and awards valued at \$100.00 or less are excluded from taxation. The prize or award should be procured through the university's purchasing system, the RU Express office, or as appropriate. Expenditures for student recognition prizes and awards must also meet the proper charge against state funds criteria as administered by the Accounts Payable Office. All pertinent information about the prize or award and the recipient (name, address, social security number) must be included on the request. The prize or award should be reported to the Tax Compliance Manager (Box 6921) for appropriate payroll or 1099-MISC reporting depending on the employment status of the student.

### Questions:

Regarding employee and/or student payments, contact the Tax Compliance Manager at (540) 831-7020.

Regarding the Fair Labor Standards Act and/or the Dual Employment Policy for Classified and Wage Employees, contact the Director of Human Resources at (540) 831-5008.

Regarding proper charges against state funds, contact the Accounting Services Manager at (540) 831-7619.

**Note:** The immediate family includes a spouse and any other person residing in the same household as the employee who is a dependent of the employee or of whom the employee is a dependent (e.g., son, daughter, mother, father, brother, sister).