

FAQs Grant-In-Aid Tab

Q: Is it necessary to fill in the Information for Financial Aid section in the Grant-In-Aid Tab?

A: If you are making a fellowship payment to a UH enrolled student, you will need to get the 8 digit Student ID number and input it into Line 1. Line 2 for semester term is optional. The purpose of inputting the Student ID number is for the financial aid office to track how much assistance the department is providing to the student outside of his/her financial aid package.

Q: What is the difference between Qualified and Non-qualified educational expenses?

A: Some Qualified educational expenses include: college tuition, mandatory fees, books, supplies, and equipment required for the courses. Some Non-qualified educational expenses include: room and board, travel, and equipment not required for enrollment. For more information, please review AP 8.561 or IRS Publication 970, Tax benefits for Education, Page 5.

Q: Why do we have to process payments for Qualified educational expenses in Banner instead of using DV Payment Reason S?

A: Pursuant to instruction for IRS Form 1098-T, scholarships and grants administered and processed by the University must be reported by the educational institution. Since the UH issues payments to these students via the Banner system, such payments should be reported in Banner.

Q: When can we use 6510, G-In-Aid, Tuition, and 6514, G-In-Aid, Tuition (Loan Repayment) object codes in the Grant-In-Aid Tab under DV Payment Reason Code S?

A: Both tuition object codes were selected by the Office of Research Services (ORS) and General Accounting & Loan Collections (GALC) offices to track specific type of extramural payments related to tuition and loan repayments. Please consult these offices for those parameters if payment must be made via DV Payment Reason Code S. You must attach documentation to the DV document under Notes and Attachments for justification as to why payment should not be processed in Banner.

Q: A State of Hawaii Department wants to make payments to UH students and contractually bind these students to work for the State of Hawaii in the future upon graduation for a certain number of years. Are these payments reportable by the UH?

A: Yes, when UH students are contractually bind to work in the future for State of Hawaii upon graduation, the current payments should be considered as income to the students currently and reporting it using object code 7245 in KFS.

Q: Could I use multiple accounts for this Grant-In-Aid Tab?

A: You may use as many accounts on separate accounting lines as you wish provided that the object codes used does not conflict with the Type of Payment in the Grant-In-Aid Tab. For example, Type of Payment # 2. Non-qualified Educational Expenses is selected. You are making a fellowship and travel payment for a US Citizen or Resident Alien. The first accounting line would use object code 6500 (Fellowship) and the second accounting line would use object code 6540 (Travel).

Q: Could I make payments for both Qualified and Non-qualified educational expenses on the same Grant-In-Aid Tab?

A: The answer is No. The Grant-In-Aid Tab is setup up to allow only one type of payment at a time under Type of Payment section. You will have to do a separate DV payment one for qualified and the other for non-qualified educational expenses. However, keep in mind that the majority of qualified educational expense payments should be processed through the Banner system at the Cashier's Office. If you have to make a qualified educational fellowship payment under DV Payment Reason Code S, you will need to explain and justify your response in the Notes & Attachments section of the DV payment request.

Q: If I want to make fellowship payments via DV Payment Reason Code S, for students or post doctorate fellows (non-employee) performing services for the department, is that possible?

A: The answer is No. If the student is actually performing work or some form of services for the department, the individual should be on payroll. Please coordinate with the Student Employment & Cooperative Education (SECE) office pertaining to student hours allowed per week or the UH Office of Human Resources. If the payroll route is unsuitable, you may have to consider paying the individual as an independent contractor via purchase order and nonemployee invoice.

Q: Please explain the fourth button, Expenses under Accountable Plan (employment related). How is this related to Non-service scholarship fellowships?

A: If the university is reimbursing travel expenses paid to a postdoctoral fellow who is an employee from another university, then the reimbursement would be treated under the UH accountable plan with no reportable tax consequence to the employee. A key factor to remember, the individual must be an employee of another institution or company. As an employee, you would be here conducting business in order to qualify under the accountable plan rules as established by the IRS. If you have a situation as described above, you would use object code 6540. You will also need to state in the Notes & Attachments section of the DV payment that the individual is an employee of XYZ University or ABC Company. You will find this information in Section A of the UH WH-1 form.

Q: The majority of fellowship payments would be considered as non-qualified educational expense for my department. What object codes should I use for US Citizens and/or Resident Aliens (RA)?

A: You could use object code 6500 G-In-Aid Scholarship/Fellowship, or 6540 G-In-Aid, Travel

Q: What should I use for non-qualified educational expenses for Nonresident Aliens (NRA), foreigners?

A: You would use object code 6503 G-In-Aid Scholarship/Fellowship (Reportable), or 6543 G-In-Aid Travel (Reportable)

Q: I have use object code 6570 G-In-Aid Trnee-Books/Sup (NR) and provide receipts/invoices for student book purchases in DV Payment Reason Code S. How will this change with the Grant-In-Aid Tab?

A: As per AP 8.561, these book purchases as required per class syllabus would be considered as a Qualified educational expense. You will now have to process this payment via Banner at the Cashier's Office.

Q: Are any of the scholarship/fellowship payments reportable or taxable to the recipient receiving this payment?

A1: If the fellowship payment is processed under Qualified educational expenses, the payment should be processed through the UH Banner system. The UH will report it to the IRS under IRS Form 1098-T, Tuition Statement. Each UH enrolled student will receive this form at the end of January of the following calendar year.

A2: If the fellowship payment is processed under Non-qualified educational expenses, the payment will not be reported by the UH to the IRS. However, the payment maybe considered reportable/taxable income to the recipient. The payee should consult his/her tax advisor to see if the payment should be reported in his/her personal income returns. The department business office issuing the payment is responsible to provide the financial information to the recipient if asked. (See AP 8.561, Page 4, E. 1.)

A3: If the fellowship payment involves services to be performed, the payment should be processed under a purchase order with non-employee invoice and not under the Grant-In-Aid Tab. Payment of this nature is considered reportable income and the UH will issue IRS Form 1099-MISC to the payee.

A4: If the fellowship payment involves non-UH employees traveling to conduct business at the university and services are not involved, the expenses under accountable plan rules to the extent of receipts are not reportable to the payee.

Q: What is the difference between an award/prize verses a non-service scholarship/fellowship?

A: Please refer to AP 8.561, Pages 8-9. If a payment is made based on past accomplishment or as a result from entering a non-academic contest or competition, then the payment is considered an award or prize. The payment would be considered reportable/taxable income which the UH must report to the IRS. The payees would receive an IRS Form 1099-MISC (US Citizens, Resident Aliens) or IRS Form 1042-S (Nonresident Aliens). An award or prize should be processed on DV Payment Reason Code A (Cash Award) and not in DV Payment Reason Code S (Grant-In-Aid, Stipend). A non-service scholarship/fellowship payment is normally not reported by the UH to the IRS if it is for Non-qualified educational expenses. However, the income received by the payees could be reportable income. The payee should consult their tax advisor.