



Stipends for Non-Employees

Lawrence Berkeley
National Laboratory

Financial Policies and Procedures

Part I

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|------------------------|--------------------------------|
| Originally issued: | June 1, 2006 |
| Effective date: | July 1, 2009 |
| Revision number: | 4 |
| Scheduled review date: | June 1, 2011 (every two years) |
| Primary contact: | Controller |

Summary

The purpose of this policy is to identify, define and provide guidance for the various types of non-employee stipend payments at the Laboratory.

Overview

A stipend can either be an allowance to offset certain expenses (such as subsistence or travel) or a payment for services (in certain circumstances, such as an honorarium). It may also be a one time payment or a fixed sum paid periodically (or regularly). A stipend is not to be made in lieu of a salary. To meet allowability requirements, stipend payments to non-employees must meet the criteria specified in this policy.

Types of Stipends

Fellowship

A payment made to an individual in support of their pursuit of study or research.

Guest Lecturer

An individual invited to the Laboratory to give a lecture or a discussion. Guest lecturers may receive a stipend in lieu of an honorarium. To qualify as a stipend for a guest lecturer, the honorarium payment and travel costs must be **combined**. Otherwise, payment must be made as an *honorarium* (i.e., travel costs are paid separately).

Non Fellowship

Any other type of stipend payment or award (i.e., for **per diem or subsistence**) that does not meet the criteria of a fellowship or guest lecturer.

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Type of Assignments

Special Programs

Academic Cooperation (coop partnerships)

An academic cooperation (coop partnership) is a type of program agreed upon by an academic institution (college or university), the student(s) and the Laboratory. Students may be assigned to a project at the Laboratory which is proposed by an academic institution and approved by the Laboratory Director (or designee). Students under academic cooperation programs may receive a stipend as a **daily subsistence** allowance for each day of Laboratory attendance. This type of program is primarily intended to further the **student's** experience, education and training and is credited by the academic institution.

Nonresident aliens (see Glossary) may also receive a stipend for participation in an Academic Cooperation/Partnership Agreement in accordance with Laboratory policies and procedures, subject to the restrictions of their visa classification.

For information on inviting a nonresident alien to LBNL, eligibility and processing requirements, reference the [LBNL Guest Processing](#) website, or contact the International Researchers & Scholars Office (IRSO), BO Ortega@lbl.gov.

Invited Guest Lecturer (in lieu of honoraria)

Stipends in lieu of **honoraria** (and separate reimbursement of travel expenses) are allowable for individuals invited to the Laboratory to give a lecture or discuss items of interest, as defined under Department of Energy Contract 31, Appendix A, Personnel Administration.

Honoraria are **not appropriate** for guests invited to **collaborate** with LBNL or to provide **services to further research** (see "collaboration" in the Glossary).

- **United States Citizens and Resident Aliens**

Invited guests that are United States citizens or resident aliens may receive a stipend **in lieu of an honorarium** for short-term services rendered. If the invited guest is employed at **50%** or more time by a Department of Energy (DOE) National Laboratory or by a DOE Site Management and Operating (M&O) Contractor, eligibility is **prohibited**. (Services from such individuals are considered part of their primary employment assignment.)

- **Nonresident Aliens**

A nonresident alien is an individual who is not a citizen, permanent resident or resident alien of the United States. Laboratory guests who are nonresident aliens may receive a stipend **in lieu of an honorarium**, in accordance with Laboratory policies and procedures, subject to the restrictions of their visa classification.

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For information on inviting a nonresident alien to LBNL, eligibility and processing requirements, reference the [LBNL Guest Processing](#) website, or contact the International Researchers & Scholars Office (IRSO), BO Ortega@lbl.gov.

Work-for-Others (WFO)

WFO stipends for services and/or expense reimbursements are allowable as a *direct* cost, if paid in accordance with a WFO grant (see Glossary), other cooperative agreement, or non-DOE contract.

Nonresident aliens may receive a WFO stipend in accordance with Laboratory policies and procedures, subject to the restrictions of their visa classification. For information on inviting a nonresident alien to LBNL, eligibility and processing requirements, reference the [LBNL Guest Processing](#) website, or contact the International Researchers & Scholars Office (IRSO), BO Ortega@lbl.gov.

Unless allowability is established elsewhere in this policy, eligibility to receive a stipend will be determined in accordance with the WFO grant, other cooperative agreement, or non-DOE contract.

If an individual is **ineligible** to receive a stipend, the requestor should consult with the Laboratory [Procurement Department](#) for assistance in determining the appropriate Procurement action.

As referenced above, Laboratory resources may only be committed by individuals with requisite Procurement authority, or it may be considered an **unauthorized commitment** (see Laboratory Procurement Standard Practices, [SP 1.3, Ratification of Unauthorized Commitments](#)).

Students and Researchers working on DOE programs

- **Non-employee** students and researchers working on **DOE programs** may receive a stipend if it is paid to *reimburse travel and expenses*. This applies to non-employee students and researchers participating in research, educational or training activities in connection with a fellowship (see Glossary) or other research, educational, or training program approved under the Department of Energy Contract 31.
- **Nonresident alien** researchers and students working on **DOE programs** may receive a stipend in accordance with Laboratory policies and procedures, subject to the restrictions of their visa classification. For information on eligibility, contact the International Researchers & Scholars Office (IRSO), BO Ortega@lbl.gov.

Payment Eligibility Determination

Requestors should consult with the Laboratory [Procurement Department](#) for assistance in determining if a potential **honoraria** payment should be handled as a procurement (i.e., a consulting agreement). Human Resources may also be contacted to determine if the recipient should be paid as a Laboratory employee.

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Laboratory resources may only be committed by individuals with requisite Procurement authority, or it may be considered an **unauthorized commitment** (see Laboratory Procurement Standard Practices, [SP 1.3, Ratification of Unauthorized Commitments](#)).

Stipends can include reasonable **subsistence allowances** for visiting researchers and students. Unless there are circumstances and conditions that dictate otherwise, subsistence allowances for temporary assignments that are **30 days or more** are considered *reasonable* for **up to 55%** of the maximum per diem rate.

Subsistence allowances for temporary assignments that are **30 days or more and exceed 55%** of the normal per diem rate require additional explanation/justification. The maximum allowable is the maximum per diem rate applicable to the location of the temporary assignment.

Allowances for assignments **less than 30 days** are reimbursable at the maximum per diem rate applicable to the location of the temporary assignment.

Payments for **services** that are not allowable by provisions elsewhere in this policy for researchers and students participating in approved research, educational or training activities are **not appropriate as stipends**. Requestors should consult with the Laboratory [Procurement Department](#) for assistance in determining the appropriate Procurement action.

As referenced above, Laboratory resources may only be committed by individuals with requisite Procurement authority, or it may be considered an **unauthorized commitment** (see Laboratory Procurement Standard Practices, [SP 1.3, Ratification of Unauthorized Commitments](#)).

Procedures

Documentation Requirements

The **requestor** (see Glossary) **or designee** should ensure the following required documentation is complete prior to submitting to the [Payroll Office](#):

- [UC W-8BEN](#) form (for foreign nationals to determine residency status)
- [Request for Issuance of Check \(RFIC\) for Payment of Honoraria or Stipends form](#)
- Supporting documentation
 - Invitation letter or email
 - Description and justification for the stipend

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- For nonresident aliens
 - Copy of passport
 - Copy of I-94 card (front and back)
 - Visa stamp (if applicable)
 - Visa documentation (i.e., I-20, DS-2019)
- Office of Sponsored Projects and Industry Partnerships (OSPIP) authorization if applicable
- Additional documentation **required** for **per diem based** subsistence stipends:
 - Expected **start and end dates** for which the stipend covers
 - Description of the **place or area** of assignment (city, town, or other designation)
 - For **periodic** payments, validation of the place or area of assignment and business dates of the prior stipend period
 - Explanation/justification for the stipend if **in excess of 55%** of the maximum per diem rate.
- If documentation in this subsection is not provided or available at the time of the request, the payment(s) will be treated as **taxable**, subject to withholding and documentation requirements for taxable payments.
- Reimbursement of **subsistence and travel** expenses are **not taxable** if the temporary assignment in a single location lasts (or is expected to last) for **one year or less**.
- If the temporary assignment lasts (or is expected to last) for **over one year**, reimbursement for **subsistence and travel** expenses are **taxable**.
- An assignment in a single location is considered **indefinite** by the IRS if it is realistically *expected* to last for more than one year (whether or not it actually does last for more than one year).

Additional documentation that *may* be required for **nonresident alien** stipend payments:

- Social security number, Individual Tax Identification Number (ITIN) or completed [IRS Form W-7](#) (Application for IRS Individual Taxpayer Identification Number).
- Completed [IRS Form 8233](#), Exemption from Withholding on Compensation for Independent (and Certain Dependent) Personal Services of a Nonresident Alien Individual, if applicable.

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Roles and Responsibilities

Requestor (or designee)

- Ensures appropriate documentation and approvals are obtained *prior* to submitting request for payment to the Accounts Payable Office.
- Ensures adequate documentation is maintained including the location of work and days on assignment.
- For **non-taxable** periodic stipends for subsistence, provides the following to the Accounts Payable Office at or near the **end of the current stipend period** (and **prior to the next** stipend payment):
 - Validates that the stipend recipient *was on assignment* during the current period of the stipend payment. (If applicable, identifies any actual days **not** on assignment during the current period).
 - Confirms that the stipend recipient is **expected to continue** on assignment through the **next period** of the stipend payment. If the assignment is **ending** in the next period, the termination date is provided.
- For **taxable** stipend payments, obtains the required taxpayer identification information *prior* to payment.

Approver

- Ensures that adequate funding is available and the request complies with Laboratory policy and procedures.
- Has the appropriate level of signature authority in the ([Signature Authorization System \(SAS\)](#) database).

Payroll Office

- Verifies that the payee is not a Laboratory employee.
- Provide nonresident alien IRS tax reporting consultation.
- Verifies tax treaty exemption status for nonresident aliens.
- Prepares and issues IRS Form 1042S, as appropriate, for nonresident aliens.

Accounts Payable Office

- Processes the request for payment, providing the requirements have been met. Payment will be issued according to the information provided on the [Request for Issuance of Check for Payment of Honoraria or Stipends form](#).

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- Withholds and refunds the appropriate tax, as applicable.
- Prepares and issues IRS Form 1099, as appropriate, for US citizens and resident aliens.

Internal Revenue Service (IRS) Reporting Requirements

- Stipends for subsistence reimbursements for **over one year** made to US citizens or resident aliens for *scholarships or fellowships* may be considered as income and **taxable** by the IRS, but are not reportable on any form. **The Laboratory will not issue any IRS form** in this case.
- Stipends for subsistence reimbursements for **over one year** made to US citizens or resident aliens that are **not** *scholarships or fellowships* may be considered as income, **taxable**, and **reportable**. If the payment is taxable, an **IRS Form 1099 will be issued by the Laboratory**.
- Stipends for subsistence reimbursements for **over one year** made to nonresident aliens may be considered as income and **taxable**, subject to withholding. If the payment is taxable, an **IRS Form 1042S will be issued by the Laboratory**.
- Stipends for subsistence reimbursement for scholarships or fellowships for non-resident aliens may be considered reportable taxable income (unless Tax Treaty exempt). If the stipend payment is taxable, an IRS Form 1042S will be issued by the Laboratory.
- Individuals should consult with their tax professional to determine their income tax reporting applicability.

Authority

- Department of Energy Contract 31, Appendix A, Advance Understanding of Human Resources

References

- LBNL Procurement Standard Practices, [SP 1.2, Delegation of Procurement Authority](#)
- LBNL Procurement Standard Practices, [SP 1.3, Ratification of Unauthorized Commitments](#)
- [LBNL Travel and Expense Policy](#)
- IRS [Publication 463](#), Travel, Entertainment, Gift, and Car Expenses
- IRS [Publication 515](#), Withholding of Tax on Nonresident Aliens and Foreign Entities
- IRS Publication 519 (US Tax Guide for Aliens).

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- IRS [Publication 970](#), Tax Benefits for Education
- IRS [Instructions for Form 1042-S](#), Foreign Person's U.S. Source Income Subject to Withholding
- IRS [Instructions for Form 1099-MISC](#), Miscellaneous Income
- IRS [General Instructions for Forms 1099, 1098, 5498, and W-2G](#)
- IRS [Instructions for Form 8233](#), Exemption From Withholding on Compensation for Independent (and Certain Dependent) Personal Services of a Nonresident Alien Individual

Contacts

- [Payroll Office](#)
- [Accounts Payable Office](#)
- Controller
- [Procurement Department](#)
- Travel Department Help Desk ([Travel Hotline](#))
- International Researchers & Scholars Office (IRSO) BOrtega@lbl.gov
- [Office of Sponsored Projects and Industry Partnerships \(OSPIP\)](#)
- [Financial Policy Office](#)

Glossary

- **Accountable Plan Reimbursement:** An IRS expense reimbursement allowance that meets **all** of the following IRS documentation requirements:
 - 1 - Amount of expense incurred
 - 2 - Number of days spent on business
 - 3 - Business place or location
 - 4 - Business purpose
- **Collaboration:** Working jointly or together with LBNL in an intellectual endeavor with a set goal or purpose, such as furthering the research or accomplish the objective(s) of the research.

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- **Cooperative agreement:** An agreement entered into between the University of California (as operator of the Laboratory) and one or more participants under which the government, through the Laboratory, provides personnel services, facilities, equipment or other resources with or without reimbursement towards the conduct of specified research or development efforts that are consistent with the mission of the Laboratory.
- **Fellowship:** Generally, a payment made to an individual in support of their pursuit of study or research.
- **Grant:** A financial assistance mechanism that provides money, property, or both to an eligible entity to carry out an approved project or activity. A grant is used whenever the grantor anticipates no substantial programmatic involvement with the recipient during performance of the financially assisted activities.
- **Green card test** (see **Resident alien** below): An alien is considered a United States resident if the individual was a lawful permanent resident of the United States at any time during the calendar year. This is known as the “green card test” because the alien holds an immigrant visa (green card).
- **Honorarium:** A payment or an award granted in recognition of a short-term service (such as a lecture or discussion), on which custom or propriety forbids a price to be set.
- **Non-Accountable Plan Reimbursement:** An IRS expense reimbursement that **does not** meet at least one of the following IRS documentation requirements:
 - 1 - Amount of expense incurred
 - 2 – Number of days spent on business
 - 3 – Business place or location
 - 4 - Business purpose
- **Nonresident alien:** An individual who is not a citizen, permanent resident or resident alien of the United States.
- **Permanent resident:** An individual who possesses a green card (the popular name for the Alien Registration Receipt Card), which is given to those who become legal permanent residents of the United States.
- **Requestor:** The person responsible for inviting the stipend recipient.
- **Resident alien:** A resident alien is an individual who is not a citizen or national of the United States, but meets either the green card test or the “substantial presence test” (see below) for income tax purposes for a particular calendar year. For a detailed explanation of these tests, see [IRS Publication 515](#), Withholding of Tax on Nonresident Aliens and Foreign Entities, and IRS Publication 519 (US Tax Guide for Aliens).

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- **Stipend:** An allowance to offset certain expenses (such as subsistence or travel) or a payment for services (in certain circumstances). It may also be a one time payment or a fixed sum paid periodically (or regularly).
- **Subsistence:** An allowance granted for the reasonable cost of temporary housing, meals and living expenses incurred in connection with a temporary assignment or appointment.
- **Substantial presence test** (see *Resident alien*): An alien is considered a United States resident if the individual meets the “substantial presence test” for the calendar year. To meet this test, an individual must be physically present in the United States on at least 31 days during the current year; and 183 days (during the current year and the 2 preceding years), counting:
 - All the days present in the current year
 - 1/3 of the days present in the first preceding year
 - 1/6 of the days in the second preceding year

(Sources: [IRS Publication 515](#), Withholding of Tax on Nonresident Aliens and Foreign Entities)

IRS Publication 519 – US Tax Guide for Aliens

- **Tax Treaty:** Agreement between two countries specifying what items of income will be taxed by the authorities of the country where the income is earned.
- **Unauthorized commitment:** A written or oral commitment made by an individual to commit funds on behalf of the Laboratory without adequate authority.

Related Documents

- [Laboratory Honoraria Policy](#)
- [Request for Issuance of Check for Payment of Honorarium or Stipends form](#)

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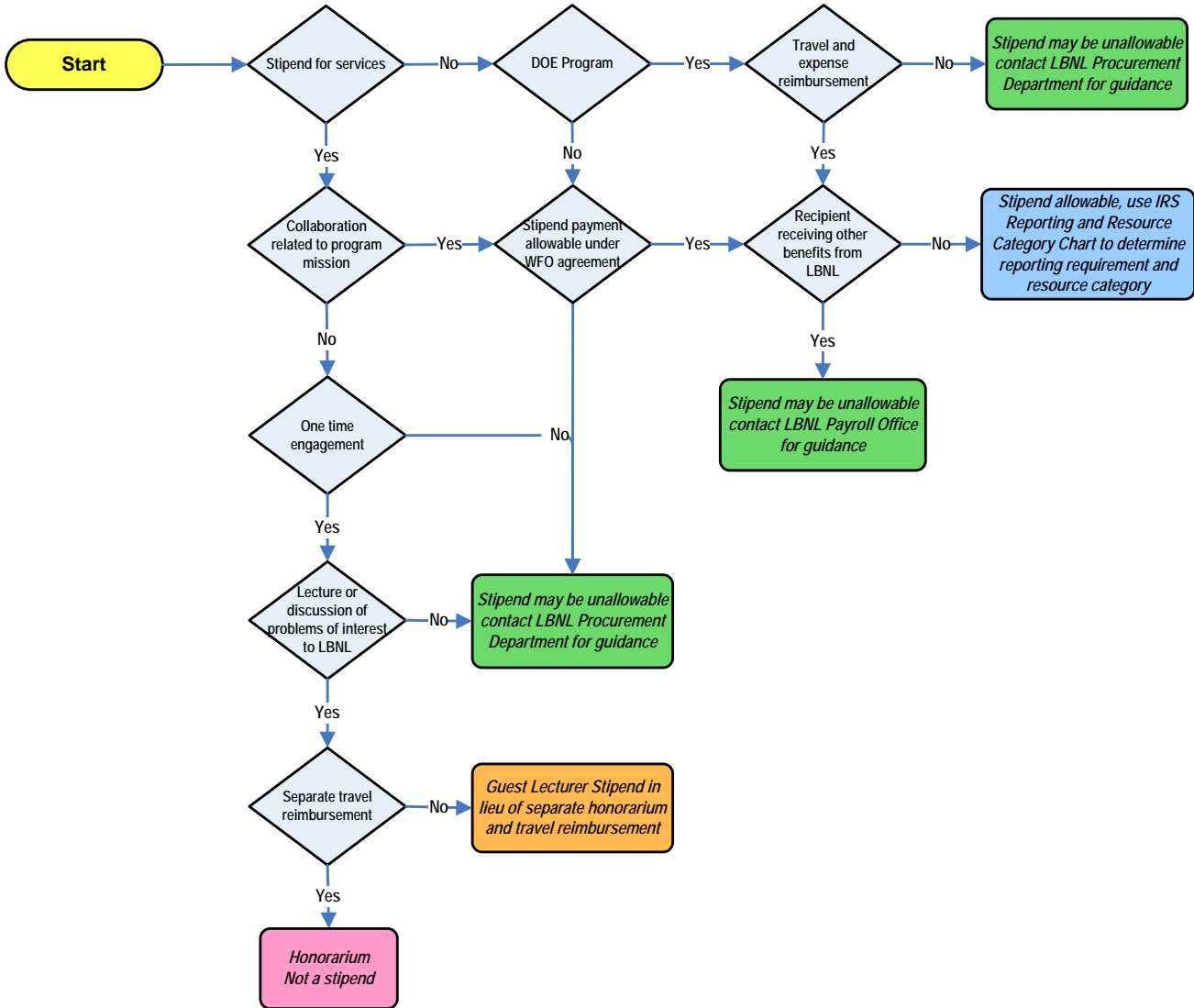
Approval Limits for TOTAL (*not partial*) Stipends

| Type of Stipend | Resource Category | Division Designee | Division Director* | Associate Laboratory Director | Laboratory Director (per Contract 31) |
|---|--------------------------|----------------------------|----------------------------|--------------------------------------|--|
| <u>Fellowships</u> US Citizens, Permanent Residents and Resident Aliens | 35300 or 35500 | Up to \$10,000 per stipend | Up to \$50,000 per stipend | Unlimited | n/a |
| Nonresident Aliens (tax treaty exempt) | 35350 | Up to \$10,000 per stipend | Up to \$50,000 per stipend | Unlimited | n/a |
| Nonresident Aliens (Not tax treaty exempt) | 35360 | Up to \$10,000 per stipend | Up to \$50,000 per stipend | Unlimited | n/a |
| <u>Non Fellowships</u> US Citizens, Permanent Residents and Resident Aliens | 35100 or 35400 | Up to \$10,000 per stipend | Up to \$50,000 per stipend | Unlimited | n/a |
| Nonresident Aliens | 35150 or 35450 | Up to \$10,000 per stipend | Up to \$50,000 per stipend | Unlimited | n/a |
| <u>Guest Lecturers</u> US Citizens, Permanent Residents and Resident Aliens | 35200 | n/a | \$500 and under | Over \$500 up to \$2,000 | Over \$2,000 |
| Nonresident Aliens | 35250 | n/a | \$500 and under | Over \$500 up to \$2,000 | Over \$2,000 |

* Or designee

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NON EMPLOYEE STIPENDS Allowability Determination

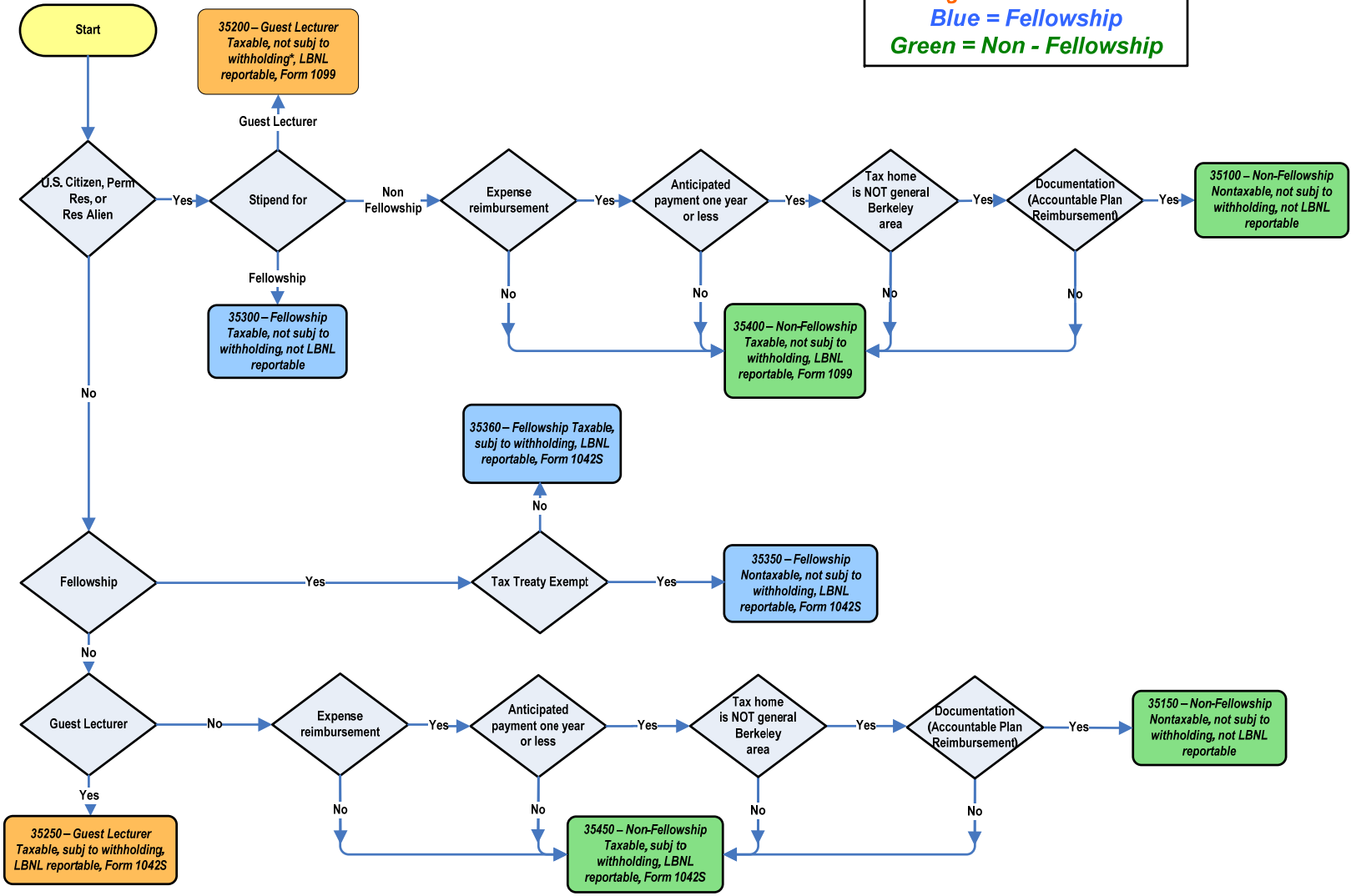


Legend

Orange = Guest Lecturer
 Blue = Allowable
 Green = Unallowable
 Pink = Honorarium

NON EMPLOYEE STIPENDS IRS Reporting and Resource Category Determination

Legend
Orange = Guest Lecturer
Blue = Fellowship
Green = Non - Fellowship



LBLN Reporting Requirements to IRS and LBNL Resource Categories

| <i>U.S. Citizen, Permanent Resident or Resident Alien</i> | | | | | | |
|---|---|------------------------|-------------------------|----------------------------|----------------------------|-------------------|
| Type | Additional Information Required | Taxable for Payee? | Subject to Withholding? | Reportable to IRS by LBNL? | IRS Form Submitted by LBNL | Resource Category |
| Fellowship | n/a | Yes (in most cases) | No | No | n/a | 35300 |
| CSEE Fellowship | n/a | Yes (in most cases) | No | No | n/a | 35500 |
| Non-Fellowship | Documentation (Accountable Plan Reimbursements) ¹ for ≤ one year (if tax home is NOT in the general Berkeley area) | No | No | No | n/a | 35100 |
| Non-Fellowship | 1) Accountable Plan Reimbursement for ≤ one year (if tax home IS in the general Berkeley area) - or - 2) Accountable Plan Reimbursements ¹ planned (or actually paid) for > one year - or - 3) Insufficient Documentation (Non Accountable Plan Reimbursements) ² - or - 4) WFO Services (non expense reimbursement payment) | Yes | No* | Yes | Form 1099 | 35400 |
| Guest Lecturer | Combined honorarium and travel allowance (in lieu of separate honorarium and travel reimbursement) | Yes | No* | Yes | Form 1099 | 35200 |

*Subject to withholding if no Taxpayer ID Number or Social Security Number provided.

| <i>Nonresident Alien</i> | | | | | | |
|--------------------------|---|--------------------|-------------------------|----------------------------|----------------------------|-------------------|
| Type | Additional Information Required | Taxable for Payee? | Subject to Withholding? | Reportable to IRS by LBNL? | IRS Form Submitted by LBNL | Resource Category |
| Fellowship | Tax Treaty Exempt | No | No | Yes | Form 1042S | 35350 |
| Fellowship | Not Tax Treaty Exempt | Yes | Yes | Yes | Form 1042S | 35360 |
| Non-Fellowship | Accountable Plan Reimbursement for ≤ one year (if tax home is NOT in the general Berkeley area) | No | No | No | n/a | 35150 |
| Non-Fellowship | 1) Accountable Plan Reimbursement for ≤ one year (if tax home IS in the general Berkeley area) - or - 2) Accountable Plan Reimbursements ¹ planned (or actually paid) for > one year - or - 3) Insufficient Documentation (Non Accountable Plan Reimbursements) ² - or - 4) WFO Services (non expense reimbursement payment) | Yes | Yes | Yes | Form 1042S | 35450 |
| Guest Lecturer | Combined honorarium and travel allowance (in lieu of separate honorarium and travel reimbursement) | Yes | Yes | Yes | Form 1042S | 35250 |

¹**Accountable Plan Reimbursement**

An expense reimbursement allowance that meets all of the IRS documentation requirements (see right)

²**Non-Accountable Plan Reimbursement**

An expense reimbursement allowance that **does not** meet one or more of the IRS requirements (see right)

IRS Accountable Plan Documentation Requirements

- 1 - Amount of expense incurred
- 2 - Number of days spent on business
- 3 - Business place or location
- 4 - Business purpose