

LAFAYETTE COLLEGE

Controller's Office

730 Sullivan Road • 030 Marquis Hall • Easton, Pennsylvania 18042-1798 • TEL 610-330-5136 • www.lafayette.edu

Dear Student,

As an Internship/Externship stipend recipient, who has not provided services to Lafayette College, you are responsible for determining whether your stipend is, in whole or in part, includable or excludable in determining your taxable income.

In general, the Internal Revenue Code provides an exclusion from an individual's gross income amounts received as a scholarship or fellowship grant if the following conditions are met:

- You're a candidate for a degree at an educational institution that maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance at the place where it carries on its educational activities; and
- The amounts you receive are used to pay for tuition and fees required for enrollment or attendance at the educational institution, or for fees, books, supplies, and equipment required for courses at the educational institution.

In this case, "stipend" describes a living allowance, and is likely taxable. The expectation is that this stipend may be used to support living expenses while pursuing an externship, internship, or independent research at another institution. In no instance is a stipend a payment involving services as it relates to work; the College does not benefit from the student's activity. Stipends include payments to the student or credits to a student's account other than those defined as scholarships or fellowships. The funds may be considered taxable income to the recipient who is a US Person for tax purposes, but are not reported as taxable income by the College on Forms W-2 or 1099-MISC. The funds may also be considered taxable income to the recipient who is a Non-resident Alien (NRA) for tax purposes and are reported as taxable income by the College on Form 1042-S (reporting for Non-Resident Aliens, NRA's".)

To assist with this determination, please be advised that amounts granted are taxable income, if the aggregate stipend amounts received ***are not used for tuition and fees*** (not including room and board) required for enrollment or attendance at Lafayette College and fees, books, supplies, and equipment required for courses of instruction, or to the extent aggregate stipend amounts received exceed tuition and fees (again, not including room and board) required for enrollment or attendance at Lafayette College and fees, books, supplies, and equipment required for courses of instruction.

It is recommended that you consult your tax advisor.

I have reviewed the contents of this letter:

Name (Please Print or Type):

Signed:

Date: