

## Letter from the GSG President regarding Grants

Dear senators, constituents, faculty and staff,

I am sending this email as the GSG has been made aware of concerns regarding the new grant distribution process, and we are grateful to hear from you. I have received the impression that there has been confusion and the feeling that the new process has been abruptly pushed on you, and I want to apologize for that! It is my responsibility to find avenues of direct, productive and clear communication. I am aware that you have no insight into the work that the GSG Executive Committee and the Graduate School put in behind the scenes to address the tax reporting problem, so it is important to me to send out a few clarifying words:

1. **What we are trying to implement now should have been the process all along.** Like student scholarships, GSG grants were always tax reportable, but we were not aware of that until our accountant flagged it for us. This is a taxation issue that was recently revealed in the audit of the GSG's 2020-21 budget.
2. Due to us being only recently aware of this and it being a whole process to develop, we tried to find a solution as fast as possible, **to ensure that students from this grants cycle can and will still receive their well-deserved funding of their research through GSG on time.**
3. We are doing our best to learn, evolve and develop the best solution for you, but we are not tax professionals and **will not be able to provide tax advice.** However, you will receive all forms that need to be sent out via email, so you can fill them out/ask a tax professional (see some of the resources below) about it. Additionally, since tax advice is tricky and often based on a case-by-case basis, **we will not be able to hire a tax accountant for GSG (it would exceed our budget).** However, if you do have any resources, please feel free to send them along so we can widely share them with the Graduate Student Body. This is what we have in resources so far:

### American Students:

- Financial aid
- Free Tax prep assistance is available for households making under \$57000 in Maine. This threshold qualifies most GAships. <https://www.cashmaine.org/free-tax-prep/>
- <https://apnews.com/article/business-maine-personal-taxes-7f6b1583966207b40500673f9785c1f2>

### International students:

- Brian Berger at the Office for International Students

### 4. Summary of what we pursuing:

- The GSG receives the full student activity fund from the Graduate School (for documentation purposes) and then writes a check to the Graduate School for the grant money that is to be distributed to Graduate Students.

- We have two grant categories: Research and Travel to Present and here comes the "tricky" part: Our plan is to give grant money directly to research labs/departments. That way, students would not be taxed for it, because the money does not go to the student directly. The department would then pay for lab equipment/travel costs. That means that any funds in the research-related costs category can be transferred to department budgets if you provide the MaineStreet financial information for the appropriate account. Travel to present is a little more complicated depending on whether you arrange travel yourselves or through your programs. However, for those departments that will pay for travel, the funds can be transferred to departmental budgets too. This works as long as your department indicates willingness by providing the account information for the transfer.
- If funds are transferred to department accounts, students would book their travel through Concur as faculty/staff do.
- If the money flows through student aid, the student will need to provide receipts and return any unused funds to GSG.

-> If funds are paid directly to the departments to cover costs associated with getting the student's degree, then those amounts would not need to be reported on a 1099 or 1042-S, thereby not taxable. Funds used to pay for travel are taxable and would go on a student's tax return if they are required to file one. However, any monies paid for holding office to the officers as stipends are taxable and need to be reported on 1099-NEC. Any travel expenses paid are reported on a 1099-MISC as other income. Any foreign students would be reported on a 1042 and tax would need to be withheld.

-> For research expense awards, with this plan the money can be distributed through the student's department which eliminates the tax liability for the student since the funds are not being paid to them. However, the department then becomes responsible for administering the funds. To do this GSG needs to know the financial account information for the departments of the students receiving awards. We hope this will not delay the award process, but depending on the situation it may be possible.

- Where a travel to present award is disbursed via student aid rather than departments, this is the process:

-> The reimbursed amount would be reported on a 1098 form as other income to the student and is provided by 1/31 the following year (i.e. amounts paid now will be reported on 1099-MISC and mailed to the student by 1/31/2022). Then the student would include it as other income on their tax return if they need to file.

-> Same procedures for international students, only reported on 1042-S and taxes will need to be withheld.

I hope this brings more clarity than confusion and I want to emphasize that we are **all students working in first and foremost your interest**, which means we want and appreciate your feedback in making this a process that serves you as much as possible. It is part of your responsibility to hold us, the Executive

Committee accountable, and we are grateful for you doing so! **If you are a grant recipient, please fill out the survey provided by our grants officers.**

Best,

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