

## SMU Tax Policies

**Subject:** Faculty/Staff Payments

**Effective Date:** 12/13/07

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**Tax Policy:** 1.3

Wages are defined as all remuneration for services performed by an employee for the employer regardless of the circumstances under which the employee is employed or the frequency or size of the individual wage payments. The Payroll Department will process all faculty and staff payments for services and withhold the appropriate taxes.

The Internal Revenue Service regulations state that an employer is required to withhold income tax from any individual's wages with which it maintains an employer-employee relationship.

Any payment for services is considered wages despite the terminology used to describe the payment (i.e. stipend, scholarship, fellowship, grant, etc.) and is taxable income and is subject to federal and FICA tax withholding.

Stipends given to faculty and staff will be reported as wages unless specifically excluded