

Students Performing Work on Campus are paid thru Payroll

IRS Treasure Reg 1.117-4, basically states that; income for student services is considered wages for employment tax purposes and are subject to employment tax withholding and reporting requirements.

Work/services that are for the betterment of the university or for a grant or for something that the University does, as a business, should be paid thru Payroll.

Exception:

- If, they were doing something as a side business that the university could hire them for, then they would be an independent contractor and a 1099 would be more appropriate. This results in the student being liable for the reporting of the taxation for this type of pay.