

**The Internal Revenue Code states that under certain circumstances the value of prizes and awards/gifts to individuals is considered taxable income. Non-US citizens may be subject to additional tax rules, depending on circumstances and treaty status.**

**Prizes** generally require the recipient to enter into a judged competition. Such competitions include raffles, contest, or music or writing competitions.

**Contest prizes** prizes won in a contest are not scholarships or fellowships if you do not have to use the prizes for your education. If you can use the prize for any purpose, the entire amount is taxable.

**Awards** are given to individuals where no formal entry has been made.

Nature of Award	Recognizes accomplishments as a student					
Status of Individual Receiving the award	CWM student (except NRA)		CMW student (NRA)		Student NOT at CWM	
	Awards	Prizes	Awards	Prizes	Awards	Prizes
Paid by	AP	AP	AP	AP	AP	AP
Form to be use	Vendor Payment Form	Vendor Payment Form	Vendor Payment Form	Vendor Payment Form	Vendor Payment Form	Vendor Payment Form
IRS Reporting	No reporting	under \$600 = No reporting over \$600 = 1099-MISC	1042-S	1042-S	None	under \$600 = No reporting over \$600 = 1099-MISC
	May be taxable*	Taxable; tax due when return is filed	May be taxable*; Taxable portion withheld at 14%	Taxable; tax withheld at 30%	May be taxable	Taxable; due when return is filed - NRA withheld at 30%

*Treatment of awards to Student employees is based on the nature of the award - if related to student activity, as a student; if related to employee activity, as employee.*

**Employee Awards**

Nature of Award	Recognizes services as an employee including services of student workers	
Status of Individual Receiving the award	CWM employees including NRA	
	Awards	Prizes
Paid by	Payroll Office	Payroll Office
Form to be use	Awards Form	Awards Form
IRS Reporting	W2	W2
	Taxable; tax withheld when prize or award is paid	

