DATE:  
TO:  
FROM: Philip A. Barile  
Tax Compliance Officer  
SUBJECT: Summer Research Grants/ 2006

The Internal Revenue Service imposes on the University the obligation to determine the proper tax treatment of each grant it dispenses. Summer grant usage falls into three categories: 1) as additional personal compensation, 2) for the hiring of personnel and/or the purchase of equipment and supplies, and 3) as reimbursement for travel expenses.

In all instances, category 1 grants represent taxable income to the grantee. The amount of the grant will be processed through the University’s payroll system and where applicable, is subject to supplemental withholding tax rates (Federal 25%, New York State 7.35%, New York City resident 4.00%, and City of Yonkers resident .735% and nonresident is .50 %). Grants in category 2 and 3 can in certain instances, represent non-taxable income to the grantee.

To be considered non-taxable, the IRS imposes reporting requirements on the grant recipient. If you submit an adequate accounting of grant expenses to Pace in accordance with the University’s Travel and Expense reporting policy, the University has no obligation to report nor withhold taxes on these grant funds. Absent this accounting, the University must treat the grant as taxable income, in which case you can obtain relief only by providing an accounting to the IRS with your personal income tax return.

In all instances where you have agreed to submit an adequate accounting of expenses to the University, the final date for submission is November 1 of the calendar year of receipt of grant. We must impose this deadline in order to comply with IRS regulations. Also it is very important that the original receipts accompany this submission. Photocopies may subject an expense item to disallowance. Failure to comply with the November 1, deadline could result in taxable earnings to you.

In order to properly classify your recent grant for tax purposes you must complete the attached form and return it to the Comptroller’s Office / Tax Compliance Section. Please note that no payments will be made until the form is returned to us. If you have any questions please call Mr. Philip Barile at the Briarcliff Campus at (914-923-2854) or Fax your question to (914-923-2868).

Thank you
Enclosure
SUMMER RESEARCH GRANTS

The funds awarded to me by PACE UNIVERSITY for the calendar year 2006 will be used as indicated below:

TAXABLE COMPENSATION

___ The research funds provided to me by Pace University are discretionary to me, and I will consider them as compensation for the time I spend on research. Hence, I understand that the grant will represent taxable income to me and will be included on the Wage and Tax Statement, Form W-2, this calendar year.

HIRE PERSONNEL, PURCHASE EQUIPMENT AND SUPPLIES

___ The research funds provided to me by Pace University will be used to hire personnel to assist in my research and/or to purchase equipment and supplies.

___ I wish to receive the funds in advance and will provide an adequate accounting of the expenditures in accordance with the University Travel and Expense policy after the funds have been expended, but no later than November 1, 2006. This grant will not represent taxable income to me.

___ Please forward the amount of my grant to me. I will provide the necessary accounting to the Internal Revenue Service. Hence, I understand that the University will treat this grant as taxable income to me. It will be reported on my Wage and Tax Statement, Form W-2, for this calendar year.

TRAVEL REIMBURSEMENT

___ I plan to use the grant funds provided to me by Pace University to cover the cost of travel related to my research activities. This travel will be concluded by _____________.

___ I wish to receive these funds in advance and will provide an adequate accounting of the expenditures to the University after the funds have been expended, but no later than November 1, 2006.

___ I have already incurred travel expenses for the amount of my grant. Please forward a Travel / Expense Reimbursement Form; I will provide an accounting of the expenditures in accordance with University Travel and Expense policy.

___ Please forward the amount of my grant to me. I will provide the necessary accounting to the Internal Revenue Service. Hence, I understand the University will treat this grant as taxable income to me. It will be reported on my Wage and Tax statement, Form W-2, for this calendar year.

Signature ___________________________ Social Security # ___________________________
Employee Number ______________________ Telephone # ___________________________