

# FREQUENTLY ASKED QUESTIONS

## International Students Non-Resident Alien Tax Withholding on Excess Scholarships

### WHY DOES THIS APPLY TO ME BUT NOT ALL THE OTHER INTERNATIONAL STUDENTS?

We must withhold tax on your scholarships if BOTH the following apply:

- St. Olaf is giving you more money in scholarship than the College charges for tuition. (Another way to say it is that we are giving you money to cover room, board, and living expenses over and above only the tuition charge).
- You are a citizen of a country that DOES NOT have a tax treaty with the United States covering scholarships.

### HOW IS THE CHARGE THAT IS GOING ON MY ACCOUNT (THE WITHHOLDING) CALCULATED?

We calculate the withholding by first calculating your “excess scholarship.” This is done by subtracting the standard tuition charge [\$24,855.00] from your total scholarships for the semester. We then take the excess scholarship and multiply it by 14%. The 14% rate is a legislated amount that the College has no control over, it is the national withholding rate on taxable scholarships to nonresident aliens. For example, this withholding could be \$788.90 [\$30,490 of scholarship less \$24,855 of tuition = \$5,635 of excess scholarship, multiplied by 14% = \$788.90].

### WHAT DOES THE COLLEGE DO WITH THE WITHHOLDING?

The College is REQUIRED by law to withhold 14% if both options in the first question are true. Therefore, we are required to bill you and to pay the calculated tax to the government to reflect this withholding on your behalf. If we didn't charge you, that would constitute more “aid” and we would have to apply more withholding.

### HOW AND WHEN AM I SUPPOSED TO PAY THE COLLEGE BACK?

The College will place the calculated tax on your account as an amount due. If you are able to pay it back right away, please do so. If you are unable to pay now, you are able to make small payments as you can, otherwise, this amount will remain on your account until you have paid it in full. Many students use a refund they may receive after filing their income taxes to pay this amount back to the College. Please keep in mind that this tax will be charged for every semester you have an excess scholarship and are considered a nonresident alien with no tax treaty.

### WHAT ABOUT MINNESOTA TAXES?

Both our federal and state governments collect an income tax. The process we've described where we are REQUIRED to withhold 14% is a federal law. Minnesota does not require such withholding on scholarships. For that reason, when you fill out your Minnesota income tax return in February or March you will be required to pay the State of Minnesota some money. This is typically a few hundred dollars as well. However, this usually does not kick in until your first full year at St. Olaf (your sophomore year). If you are only here for one semester you usually don't make enough to pay Minnesota tax.

### CONTACT US

Feel free to reach out anytime at:

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