Use this decision matrix to assist in handling a scholarship or fellowship grant:

1. **Is the scholarship or fellowship recipient a US citizen or resident alien?**
   - **YES**
     - **Is the recipient a degree candidate?**
       - **YES**
         - **Is any portion of the scholarship or fellowship non-qualified?**
           - **YES**
             - 1. Notify Graduate Studies Office of grant
             - 2. Advise the recipient that the full amount of the award is subject to income tax withholding and IRS Form 1042-S tax reporting
             - 3. Advise the recipient to report any use for non-qualified expenses on his or her US and California income tax return
             - FIS account code
               - Scholarship: 001041
               - Fellowship: 001081
           - **NO**
             - 1. Notify Graduate Studies Office of grant
             - 2. Advise the recipient that the full amount of the award is subject to income tax withholding and IRS Form 1042-S tax reporting
             - 3. Advise the recipient to report any use for non-qualified expenses on his or her US and California income tax return
             - FIS account code
               - Scholarship: 001040
               - Fellowship: 001080
       - **NO**
         - 1. Notify Graduate Studies Office of grant
         - 2. Advise the recipient that the grant is not subject to IRS Form 1099 tax reporting
         - 3. Advise the recipient to report any use for non-qualified expenses on his or her US and California income tax return
         - FIS account code
           - Scholarship: 001030
           - Fellowship: 001070
   - **NO**
     - 1. Notify Graduate Studies Office of grant
     - 2. Advise the recipient that the grant is subject to income tax withholding and IRS Form 1042-S tax reporting
     - 3. Advise the recipient to report any use for non-qualified expenses on his or her US and California income tax return
     - FIS account code
       - Scholarship: 001040
       - Fellowship: 001080

2. **Is any portion of the scholarship or fellowship non-qualified?**
   - **YES**
     - 1. Notify Graduate Studies Office of grant
     - 2. Advise the recipient that the full amount of the award is subject to income tax withholding and IRS Form 1042-S tax reporting
     - 3. Advise the recipient to report any use for non-qualified expenses on his or her US and California income tax return
     - FIS account code
       - Scholarship: 001041
       - Fellowship: 001081
   - **NO**
     - 1. Notify Graduate Studies Office of grant
     - 2. Advise the recipient that the grant is subject to income tax withholding and IRS Form 1042-S tax reporting
     - 3. Advise the recipient to report any use for non-qualified expenses on his or her US and California income tax return
     - FIS account code
       - Scholarship: 001040
       - Fellowship: 001080

Department Awards Guide website: [https://sites.google.com/ucsc.edu/deptawards](https://sites.google.com/ucsc.edu/deptawards)