Internships and Internship Support Payments

- Internships are employment positions and therefore must be paid through the Payroll system. Making these payments through Payroll assures that appropriate taxes (federal, state, FICA) are withheld and assures that the payments are reported on the W-2 at the end of the calendar year, so that the UW is compliant with IRS reporting regulations.

- Payments made to interns whether in the form of cash (salary, hourly rate, etc.) or support (in lieu of cash), using university funds for off or on-Campus internship positions must be payrolled.

- Support payments (housing, transportation, etc.) to interns are considered by the Internal Revenue Service (IRS) to be income payments in lieu of cash (salary, hourly rate, etc.). See UW Madison Unclassified Title Guideline (http://www.ohr.wisc.edu/polproced/utg/EITtitles.html) under the Intern (Non-Physician) header.

- Support payments to interns should not be recorded under any 57xx account code because the 57xx account code series are scholarships/fellowships, including support, for students in their role as students not any employment position. For internships, like other Payroll positions, the support payment is support for what is considered by the IRS to be a paid employment position (internship) therefore it must be processed through Payroll as income to the intern.

- For questions please contact your Dean’s Office or Jose A. Carus, Jr. (Tax Compliance Manager)