

## Summer Housing 2019 – College Provided vs. Billed to Student

This document has been drafted to help departments determine if on campus housing is a requirement of their summer employment (in which case the College provides housing to the student without charge) or if the student living in campus housing is only preferred (in which case the College does not provide housing and the student is billed for housing).

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### Why does the College care and what determines if a student should be billed for housing?

If a student is providing services to the College they are an employee of the College. Internal Revenue Code Section 119 is the regulation the College is required to follow when determining if housing provided to an employee is taxable. The three conditions that must be met in order for housing to be provided to student employees on a tax free basis are:

1. The employee is required to accept such housing as a condition of employment;
  - The condition of employment test requires the employee to accept the housing in order to enable them to properly perform the duties of employment. The College department needs to show either that the housing is necessary to the performance of the employee's duties or that the housing is necessary to allow the employee to be available for College business at all times.
    - ❖ **If your student wants to live off campus would you still offer them employment?** If yes, the housing is not a requirement of the job and the student should be billed for housing.
    - ❖ **I need my student to be available to work a few Saturdays or evenings during the summer – does that mean I can make housing a requirement of the job?** If you would offer the job to a student living off campus or you anticipate only needing the student to be available during extended work hours a few times during the summer, you cannot say housing is a requirement and the student is required to be billed for housing.
    - ❖ **My student is participating in an institutionally recognized program that has specific requirements regarding collaboration or research – is housing a requirement?** The College has determined that programs such as the Cross-Disciplinary Science Institute (<https://www.gettysburg.edu/offices/cross-disciplinary-science-institute/>) and Digital Scholarship Summer Fellowship (<https://www.gettysburg.edu/musselman-library/about/employment/digital-scholarship-summer-fellows>) require that the students participating in these programs live on campus. In some cases these students are not employees of the College but are receiving fellowships. If your department runs a similar program please provide documentation of the program requirements that substantiate that living on campus is a part of the program.
    - ❖ **My student is expected to regularly work nights and weekends over the summer in addition to during typical College office hours – does that mean housing can be a requirement of the job?** As long as you would not offer the job to someone who does not live on campus the requirements of the position as stated above would meet the condition of housing being required and therefore it would be non-taxable.
  - The housing is on the business premises of the College;
    - This condition is met when housing is physically located on campus.

- The housing is furnished for the convenience of the College
  - The convenience of the employer test requires a direct relation between the housing that is furnished to the employee and the business interest of the College.
    - ❖ **It would be really convenient for my department if the student lived on campus – does that mean housing can be a requirement of the job?** No – if living arrangements are only a preference and you would still hire the student for the job if they preferred to live off campus then this condition is not met. Typically the convenience of the employer can be substantiated – the most important test is if you would offer the job to a student who preferred not to live on campus.

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**Based on the information above I do not think the student employment opportunity my department is offering meets the conditions of College provided housing. My department would like to pay for the student's summer housing. What can my department do?**

Departments may provide their summer student employees who will be billed for housing a “summer housing bonus.” The intention of this bonus is to help defray the cost of summer housing and not to compensate the student for their job duties. Departments are authorized to pay a housing bonus up to \$650 at the discretion of the supervisor to help with the student's cost. Due to each student employee's unique tax circumstances the net amount received may be less than the billed housing amount of \$560. Students are responsible for paying their student bill in full when due.

**Why can't my department just transfer funds to pay for a student's summer housing? Why does this need to be paid as wages to the student?**

If a position does not meet the conditions of College provided housing a department “paying” for the student's housing directly is still a taxable benefit to the student. Per IRS regulations, the College must tax the amount of housing as additional wages to the student and collect and remit the related payroll taxes to the IRS and Pennsylvania. This could put a student in the position where they would receive a \$0 paycheck because the College had to withhold taxes on the value of the summer housing even though no funds were received by the student. In order to ensure this does not happen the College has taken the position that departments may pay for the cost of summer housing along with an additional amount to help pay for potential taxes related to this benefit. A department may choose how much they would like to put towards a student's summer housing up to \$650.

The taxes a student will pay on additional wages (the bonus) of \$560 varies depending on the student's personal situation and depending on these circumstances the student's net check may be more or less than \$560. The housing bonus is intended to help offset the cost of summer housing but not necessarily pay the entire amount after taxes have been withheld. Students will be billed via their student account for summer housing and the student will need to make a payment on their student account using the funds received in their pay check.

Questions regarding the information above should be directed to Sharon Dayhoff ([sdayhoff@gettysburg.edu](mailto:sdayhoff@gettysburg.edu) or x6276).