

## 2.009 Tax Treatment of Goods

### I. Payments for Goods

This policy addresses payments for goods only. Refer to [Policy 2.007 Tax Treatment of Compensation \(Services, Rents, and Royalties\)](#) when paying an accompanying services agreement or installation agreement.

“Goods” is a general term for tangible merchandise. ***A payment for goods is generally not income that is subject to tax reporting or tax withholding*** with the following exception:

- A. **Non-qualified scholarship/fellowship expenses for goods are considered income to the recipients.**
  1. For U.S. citizen, permanent resident alien, and resident alien recipients, it is not required that the payment/reimbursement be reported on an IRS Form 1099-Misc.
  2. For nonresident alien recipients, the payment/reimbursement is subject to tax withholding and tax reporting if it is U.S. source income. Refer to [Policy 2.006 Tax Treatment of Non-Service Financial Assistance for Individuals](#) (Section II.A.3.c.iii, Tax Treatment of Non-Qualified Scholarships/Fellowships – Nonresident Aliens, for a more detailed explanation.

### II. Relevant Documents

[Policy 2.006 Tax Treatment of Non-Service Financial Assistance for Individuals](#)

[Policy 2.007 Tax Treatment of Compensation \(Services, Rents, and Royalties\)](#)

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