Student Bursaries: Guidance Notes

Definition, eligibility and sources of funding

1. Throughout this document, the expression "bursary" means any payment which is made to a full-time student to meet their ordinary living costs whilst studying. It encompasses student grants, studentships, exhibitions, scholarships, stipends, living allowances and similar payments. Even rent paid directly to a student's landlord would fall under this heading (but is not to be encouraged). Student loans—because they are repayable—do not fall within this heading.

2. The essential components needed to ensure that a payment is treated as a tax-free bursary rather than as emoluments of employment are:
   - the recipient must be in full-time education
   - the purpose of work/study must be essentially for the student's personal benefit and academic development, rather than for the benefit of any employer or sponsor (including the College)
   - the payment must be in the nature of a subsistence allowance, and modest in scale.

3. These points are considered in more detail, below.

Tax exemption

4. In order to qualify for tax-free treatment, a bursary may be paid only to someone "receiving full-time instruction at a university college, school or other educational establishment". (Section 331, Income and Corporation Taxes Act 1988). The expression "full-time" is not statutorily defined. In most cases, the recipient would be registered for a degree on a full-time basis. It is accepted, however, that PhD students at the writing-up stage, although their full-time tuition fee liability has ended, are nevertheless engaged in full-time study.

Paid work (wages and similar emoluments)

5. For all practical purposes, the words "full-time" can be taken to mean that at least 35 hours per week are devoted to study. The student must not receive substantial sums for paid work during term time, whether from the College or outside. Research Council rules permit up to six hours per week for student demonstrating and similar, without jeopardising the bursary. Occasional part-time or evening work (e.g. student demonstrating or working in College libraries, refectories or bars) will not affect the student's full-time status, provided the number of hours devoted to paid work is modest—say six hours per week, averaged over the period of the bursary award.

Purpose of the award

6. The distinction between student status and employment can be hard to define, particularly where sponsored research work is undertaken by postgraduates.
There is no single determining factor, but the general philosophy should be that someone following up a line of research of their own choosing (albeit under the guidance of a supervisor) in furtherance of their own intellectual development is likely to be classed as a student, particularly if the outcome is a degree or similarly tangible qualification. This is the case even if the funding for a bursary is provided by an industrial sponsor.

7. On the other hand, research carried out in accordance with precise contractual obligations imposed by a sponsor is likely to amount to an employment relationship. Any payments made by the College is such circumstances would be taxable under PAYE and the staff in question should hold an employment contract.

**Amount of the award**

8. The purpose of the payment must be to enable the recipient to subsist whilst studying. There is no formal upper limit on the amount which may be paid as a bursary, but anything in excess of £18,500 a year (£1,542 a month) is likely to invite questions from the Inland Revenue. This figure is equivalent to a gross taxable salary of about £24,000 a year, and begins to overlap with salaries payable to junior research staff. Anything greater causes resentment.

**Sources of Funding**

9. Most bursaries are funded by external sponsors from earmarked funds, either from within a research project account or a departmental donation account. Some academic staff have funds at their personal disposal in “staff” accounts or “research and amenities accounts”. These may also be used for bursary awards. Bursaries should not be funded from core departmental vote accounts.

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