

Guidelines for grant payments.

1. What is a grant?

Grants usually represent a payment to someone who has competed for the right to receive funds earmarked for a particular purpose. Most grants paid by USN must be reported and are subject to taxation in cases where a profit is posted – Section 2 and 3 describe the most common grants. Certain grants may be subject to taxation in their entirety, these will then be processed in other ways than described in sections 2 and 3.

2. Prerequisites for payment

- All grant payments are subject to the provision of an allocation or grant letter.
- For grants over NOK 50,000, a budget must be prepared as a basis for allocating the grant. The budget must be saved in P360 together with the allocation/grant letter. If the budget posts a profit, the grant must be divided into taxable and non-taxable sections. Please note that the employer's social security contributions will accrue on the section of the grant that is registered as being subject to taxation.
- Signed and posted grant payment forms are to be sent to the Personnel Services Unit for payment. Larger grants are normally paid in installments. If you are employed at USN and receive a small travel grant, please read section 4.1 (as this is processed as a travel expense).
- In cases of payments abroad, a separate form detailing the foreign bank account must also be completed and submitted. If the grant recipient does not have a Norwegian national identification number/D-number, a passport copy must be attached.

3. Grant recipient obligations

- Grants over 50,000: as a grant recipient, you **must** retain all receipts and prepare an overview of your accounts. When the grant period is over, you must submit an overview of your accounts and receipts to the Personnel Services Unit (mb-personalservice@usn.no). If your accounts post a financial profit, the profits will be reported as taxable income. If the grant is paid in installments over several years, you must provide an overview of your accounts and receipts annually. Grant payments may be checked by

the Norwegian Tax Administration regarding profits, therefore you must retain all receipts and keep accounts.

- Grants under 50,000: as a grant recipient, you should retain all receipts and prepare an overview of your accounts. If your accounts post a financial profit, you are obligated to report this to USN (mb-personalservice@usn.no). Grant payments may be checked by the Norwegian Tax Administration regarding profits.

4. More about payment of other types of grant

4.1 Travel grants

Grants that are actually used to cover travel expenses, including additional expenses related to the journey. Typically, grants that cover conference participation are considered travel grants.

USN employees

- A travel grant must be understood as prior approval of a cost limit related to a purpose of travel. In practice, small employee travel grants are therefore processed as a travel settlement according to regulations pursuant to [Domestic Regulation](#) and [International Regulation \(lovdata.no\)](#).
- Small travel grant payments are usually made as a travel settlement, where you have to submit your travel expenses and receipts in the Employee Portal (SAP/ESS).
- As a general rule, travel that receives a grant and must be carried out is regarded as official travel. This means that board and lodging expenses that exceed government travel allowance rates won't be covered.
- Larger employee grants payments that are made as a lump sum or in installments follow the same procedure as described in sections 2 and 3.

Students and others

- Student travel grant payments are made as travel grants via the payroll system.
- If the grant settlement produces a profit, this will be considered as expenses that cover the private cost of living. The recipient will then be considered an "employee" and the surplus amount as taxable grant funds.
- Please note that the employer's social security contributions will accrue on the section of the grant that may be registered as being subject to taxation. Therefore, USN runs the risk of accruing higher expenses than

what we have been given in the form of grant funds. In such cases, the employer's social security contributions must be covered by the basic funds. In order to reduce the risk of this, it is recommended that large grant payments are made in several installments.

- Foreign students must always attach a copy of their passport to the payment form. A home address must always be registered on the form.

4.2 Educational grants

- Grants that are actually used for educational purposes, e.g. course fee expenses, materials etc. This may also include travelling to the place of education and living expenses during the period of education.
- This is tax-exempt for employees but any profit is subject to taxation. The Norwegian Tax Administration has determined special [regulations for the use of educational grants \(skatteetaten.no\)](https://skatteetaten.no).
- As a general rule, grants related to university education up to the final exam are tax-exempt for students.

4.3 Government grants

- **SIU**

EURASIA grants are administered by USN and paid through **SSN** (the Student Welfare Organization of Southeast Norway).

Grant rates are set so that no tax liability will be incurred.

- **NORHED**

These grants are given as a means of support regarding visits and studies in Norway, including visits related to PhD studies.

WASO grants are administered by USN regarding payments in Norway for foreign students. Payment in the form of a travel grant. Grant rates are set so that no tax liability will be incurred.

- **ERASMUS**

Erasmus grant recipients may be academic or technical administrative employees or students.

- Employees receive:
 - **Individual Support** to cover additional costs when not living in their home country. Settlement according to regulations pertaining to official travel.

- **Travel Grant** - an annual travel grant. Settlement according to regulations pertaining to official travel. Any profit/surplus is processed by USN as a grant subject to taxation.

- Students receive:

Travel Grant + possible additional funding for professional training placement

Basis total according to stays in high-cost countries or low-cost countries, and possible additional funding for professional training placement.

- **NORPLUS**

NORDFO grants are mobility funds awarded by NORPLUS and are paid by USN. Payment is made either as a grant not subject to payroll withholding tax or a reimbursement of the expense, depending on the duration of the stay. Grant rates are set so that no tax liability will be incurred.

SPICA

SPICA grants are mobility funds (adapting global questions and challenges to the characteristics of a local Nordic context) awarded by NORPLUS and paid by USN. Payment is made either as a grant not subject to payroll withholding tax or a reimbursement of the expense, depending on the duration of the stay. Grant rates are set so that no tax liability will be incurred

4.4 Other grants

Various grant schemes that are registered as being used at USN. Obligation to report and tax liability in accordance with the applicable regulations at all times

Employees and persons where USN has employer liability

The grant payments are subject to taxation and duty for all “non-documentable and approved reimbursements of expenses”.

Students and other non-employees

Grants are exempt from tax and duty liability. **Note:** Grants are subject to taxation the moment they cover the cost of living, as for employees.

Certain grants and payment schemes

- **USN PhD Mobility Grant**

PhD candidates admitted to one of USN's PhD programs may apply to the host faculty for a mobility grant for research trips of periods of three months at recognized foreign institutions.

- **Internal grants at USN**

USN can award grants from the Henry Walter Lassen Scholarship. The grant funds will be used to recruit students to the University of South-Eastern Norway on courses from our African collaborative institutions. The grant will follow the Norwegian State Educational Loan Fund's rates and ensure that the intention of Lassen's testament is fulfilled.

Payments are taxed as salary except for approved reimbursement expenses.

- **Grants from project funds**

USN shall not award grants of external funds unless this was determined in the agreement with those who awarded the project funds.

How are grants taxed?

- **Legislation:** Any benefit gained from work is taxable income, cf. [section 5-1, first paragraph of The Taxation Act, \(lovdata.no\)](#). Benefits gained at work are salary, remuneration, vacation pay and other amounts payable gained by work both in and outside a contractual employment relationship. Among other things, other amounts payable are grants and similar payments, cf. [section 5-10, paragraph 1, letter a of The Taxation Act \(lovdata.no\)](#).
- **General Rule:** The salary component of a grant is subject to taxation along with any profit (the difference between the grant amount and approved expense reimbursements). [Reimbursement of expenses](#) must be documented in the ordinary manner.
- **The criteria for tax liability** are the purpose of the grant, the size of the grant, the documentation of expenses and the grant recipient's affiliation with USN.
 - Generally, employee grants are subject to taxation. Normally, only profit is taxed if additional expenses can be documented.
 - Grants awarded to students and others are normally tax-exempt. Note: if the grant recipient is required to provide a service in return, the recipient should be considered an employee. Grants awarded after final examinations are also subject to taxation if the grant is liable to contribute substantially to the recipient's cost of living during the grant period.
- **Grants from external sources:** The tax-related processing is independent of the grant's source of funding.

Read more about tax liability below each individual type of grant.

5. Questions

If you have any questions regarding the payment and taxation of an approved grant, please feel free to contact [the Personnel Services Unit](#).