



Scholarships and grants to students at first and second levels

Internal Regulations 13/2008

Valid from 1 January 2009

These internal regulations are based on:

- RÅ Decision 0484/08, Reg. no. 0634/08, Dossier 10

The aims of these regulations and routines are primarily to:

- Ensure the standardised administration of scholarships within KTH.
- Provide guidance for the Schools in their administration of scholarship matters.
- Improve internal control as concerns scholarship management by introducing compulsory routines for the establishment, decisions on and payment of scholarships.
- Attempt to avoid taxation and labour law consequences occurring after the fact both for KTH and for the scholarship holder.

These internal regulations are based on:

- The Swedish Income Tax Act (1999:1229)

Introduction

Scholarships for students are a well-established phenomenon within the university world in Sweden and internationally and they fulfil a vital function. Scholarships as a form of financing for studies at first or second level may not be awarded to students who have the opportunity to receive financial support (study loans) in accordance with Swedish study support legislation. Scholarships awarded for "study achievement" by foundations linked to KTH are not covered by this restriction. Scholarships may, however, be awarded to students receiving study loans when they, for example, are studying abroad in order to cover extraordinary living costs.

Due to their beneficial character (no performance requirements), scholarships are a financing form that is advantageous as far as taxation is concerned, especially for people undertaking educational programmes. However, the fact that a grant is entitled a scholarship does not automatically mean that freedom from tax liability occurs. Neither legislation nor legal praxis provides a clear-cut answer to the question of exactly where/when tax liability begins. The fact that individual cases concerning scholarships are administered in accordance with internal regulations and guidelines is no guarantee that the tax authorities or courts do not come to a different conclusion on the issue of the exemption from tax liability of the scholarship in question.

Scholarship or grant

A grant is something that is given to an individual or to some operations in order to fulfil (part of) a need. A grant may never exceed the actual costs.

A scholarship is a type of grant which may be awarded to individuals in order to finance certain future expenses (time-limited). Students may also be awarded scholarships for special achievements in their studies.

- Scholarships are established at KTH Schools for students who have no opportunity to obtain student loans in accordance with Swedish study financing legislation.
- Grants to students in connection with study visit travel or job placements/internships.
- Grants for degree projects.
- Scholarships that are established and awarded by charitable foundations, donation funds or equivalent and whose administration is undertaken by the KTH Scholarship Council for funds and associated foundations.

One precondition for being able to receive financial support according to the four points above is that the scholarship holder has been admitted onto an educational programme at KTH.

In order to avoid confusion, within KTH all scholarships to students at first and second levels will be defined as such financial support provided to individuals for the purpose of financing future, special expenses and are tax-free plus, scholarships that are awarded for special achievements concerning studies.

Overall regulations

Scholarships may be awarded for several different reasons. Decisions concerning the establishment of scholarships at first and second levels will, at KTH, be limited to such scholarships as are intended to support the recipient's education or for other purposes such as travel costs in connection with educational activities.

The same regulations apply to both Swedish and foreign scholarship holders and for educational programmes in Sweden or abroad.

All scholarships must be advertised or made public in some other manner in order to ensure that the scholarship will not be liable to taxation for both the provider and the recipient as it would be if offered to only one recipient. The advertisement/equivalent may be placed on the division's, School's or KTH's official bulletin board or on the KTH website and should remain posted for at least three weeks.

Scholarships may not be awarded as payment for work that has been carried out, is being carried out or will be carried out on behalf of the donor.

For financing of scholarships which are awarded by KTH to students at first and second levels, government allocations, grants, gifts and donations may be used. Funds earned from commissioned activities may not be used for financing of scholarships.

The relevant Head of School determines the establishment, advertisement and allocation of scholarships. The Head of School may delegate the right of decision in their field to the relevant Head of Division or equivalent. Head of Division may not delegate this activity

Scholarships must always be paid to the scholarship holder in advance.

1. Scholarships established by KTH Schools for students who are not able to obtain financial support (study loans) in accordance with Swedish study financing legislation

- Scholarships may be awarded to finance educational activities.
- External financiers must have submitted written consent if their grants are to be used for scholarships.
- Decisions concerning the establishment of scholarship will include the following:

1. Compulsory information to be included in the decision in accordance with Section 21 of the Swedish Authorities Act::

- The date of the decision
- The contents of the decision
- Who has made the decision
- Who has proposed the decision
- Who has participated in the final administration of the decision without participating in the actual decision making.

2. Established purpose, scholarship amount, time period and any other conditions for the scholarship.

3. Information on the funding which is to finance the scholarship.

- Decisions on the establishment of scholarships are to be registered.
- Scholarships must be advertised. Application period should be three weeks from the date the scholarship is first advertised.
- Decision on award of scholarship is implemented on a special form entitled “Decision on scholarship matters”. This form is available from the form archives on the KTH website. Decisions on awards of scholarship are to have the same registration number as the decision on the establishment of the scholarship. Written consent from external donor (if applicable) to be attached.
- Educational scholarships may be paid out periodically, in advance without being liable to taxation. Decisions on educational scholarships are to be reviewed after one year. Scholarships may also be reviewed at other points in time if their use for intended purposes is prevented in some manner.
- Scholarships are to be paid out in advance through the KTH salary system. A request for payment is made by submitting a copy of the scholarship decision, as described above, to the

Salary Unit. Payment may not be carried out if the scholarship decision does not comply with all information requirements.

- The scholarship amount is to be established taking into consideration the planned degree of activity. Reimbursement for costs in addition to the scholarship may also be paid if the costs are directly related to the completion of the educational programme e.g. study visits in accordance with Section 2.

2. Grants to students in connection with study visits and job placements/internships

Information on the KTH Policy for Internationalisation and on Exchange Studies can be found under Education and Research in the KTH body of regulations.

2.1 Compulsory study visits and job placements/internships

KTH Schools are mandated to take decisions on grants to students to cover additional costs in connection with study visits and job placements/internships within Sweden and abroad, if the trip or the job placement/internship forms a compulsory element of the student's educational programme. Decisions concerning compulsory elements must be stated in the relevant course plan.

- Reimbursement of student costs in connection with study visits and job placements/internships are always to be considered as grants which means that the sum may never exceed the actual additional costs that the students incur for the actual travel and stay. Reimbursement for double housing costs, storage of belongings etc. is consequently not normally included. Neither may reimbursement levels exceed the levels of tax-exempt travel and living allowances that apply to government officials at the relevant site. If the current daily allowance amount is used when calculating grant levels, then the equivalent of meal deductions must always be made.
- Grants for travel costs may amount to a maximum of costs for public transport in 2nd class/tourist class or the tax-free mileage rate for travel by car. For car rentals, grants will be the actual amount charged.
- The relevant division/equivalent should ensure that additional, personal travel insurance is taken out for students who do not have proper insurance cover. If the grant amount has been calculated to include this cost, and the division has paid for the insurance, the grant amount is to be reduced by the equivalent amount.
- Grants to students are always calculated to gross amounts, consequently no deduction for VAT will be made from the grant amount.
- Grants to students may not be based on costs for relocated teaching.
- It is the responsibility of the Head of School/equivalent (or the person who has been delegated this responsibility) to establish a travel plan and budget for the travel that grants are intended to finance. If costs deviate considerably from the budgeted amount, special reporting is to be provided after the event.
- The size of the grant is established by the relevant School/equivalent organisational unit and any other grants that the students may have received from other internal or external donors must also be taken into consideration.

2.2 Non-compulsory study visits (exchange studies)

KTH Schools are entitled to make independent decisions concerning grants to students to cover costs in connection with exchange studies.

- Reimbursements to students for costs in connection with exchange studies are always to be considered as grants, which means that levels may never exceed the actual additional costs the students incur for travel and living expenses.
- In order that grants are to be awarded, the Programme Director (first level studies)/equivalent must have pre-approved the exchange or taken a decision that the studies will count as part of the relevant course.
- The size of the grant is established by the relevant School/equivalent organisational unit and any other grants that the students may have received from other internal or external donors must also be taken into consideration.

3. Grants for degree projects

For degree project activities, travel grants for trips outside the university town may be awarded. Alternatively such costs may be paid directly by the relevant division/equivalent.

4. Scholarships established and awarded by public foundations, donation funds or equivalent

Administration is managed by the KTH Scholarship Council for funds and associated foundations

KTH is the manager of a number of private legal foundations in accordance with the stipulations of the Foundations Act. The capital used by these foundations are the original donations to KTH which were made with the intention that their earnings would be used for grants to KTH students as a reward for success in their studies, educational scholarships for KTH students or research grants and travel scholarships for individuals working at, or associated with, KTH.

A foundation may be exempted from liability to income tax under certain conditions e.g. if their primary goal is to provide grants for teaching or education or to promote scientific research (Income Tax Act, Chapter 7 1999:1229). Consequently all scholarships awarded by these foundations are not liable to income tax for their recipients.

Read more about this type of scholarship under Scholarships and Allocations

intra.kth.se/forskning/stipendier

Contact: scholarships@KTH.se

stipendier@kth.se

5. Taxation issues

One characteristic of a scholarship is that it is a form of benefit (no performance requirements). Due to this beneficial character, scholarships are a financing form that is advantageous as far as taxation is concerned, especially for people undertaking educational programmes. However, the fact that a grant is entitled a scholarship does not automatically mean that freedom from tax liability occurs. A report produced by the scholarship holder stating how study goals or other purposes of the scholarship have been fulfilled is not defined as a performance requirement.

5.1 Basis of exemption from taxation

Scholarships intended to finance the recipient's education are exempted from taxation even if they are paid periodically. Scholarships may not provide payment for work carried out or to be carried out on behalf of the donor (Income Tax Act, Chapter 8, Section 5).

If there are any doubts as to whether a scholarship is to be exempted from taxation, please contact the relevant advisers within the university administration.

5.2 "Infected" scholarships

Salaried employment at KTH after a scholarship period does not normally mean, in itself, that the scholarship becomes liable to taxation. However, salaried employment before the scholarship period may disqualify the grant from exemption from taxation. Scholarships paid out by previous employers may be regarded as a result of the previous employment situation and be equated with a salary i.e. the scholarship becomes "infected". However it is possible to carry out minor tasks for the scholarship donor without risking exemption from taxation of the scholarship. The demarcation line that determines when "infection" occurs cannot be stated with any certainty but must be determined in each individual case, taking into consideration the type and scope of the tasks concerned. If there are any doubts, please contact the relevant advisers within the university administration.

5.3 Consequences

If the taxation authorities or court of law regard a scholarship as covert salary or periodic financial support, which is liable to taxation, the scholarship holder may then be required to pay income tax and KTH will also be required to pay employer's contribution for the period in question. In addition, if special circumstances apply, the question of criminal tax evasion may be applicable.

When determining whether a scholarship is liable to taxation the following questions should be asked:

- Who is donating the scholarship?
- Is there any basis for tax exemption – and if so which one – that applies in this case?
- Have performance requirements that are not in compliance with exemption from taxation occurred?
- Who runs a risk if the scholarship is taxed after the event?

6. Scholarship holders' insurance cover

All students are currently covered by the personal injury insurance (the general student insurance) that has been taken out by CSN on behalf of universities and university colleges in the state insurance system. This insurance applies for studies in Sweden and students are insured during their period at the university and during direct travel between their accommodation and the university. This insurance covers personal injury due to accident and certain types of communicable diseases. The insurance cover applies to both Swedish and foreign students. More detailed information on this insurance cover can be found under the section entitled "Personal injury insurance for students and doctoral students".

- Personal injury insurance for students and doctoral students

intra.kth.se/regelverk/utbildning-forskning/allmant/2.9059/personskadeforsakring-for-studenter-och-doktorander-1.27176

Information on insurance cover for foreign citizens studying in Sweden can be found under "Insurance cover for foreign visiting/guest lecturers/researchers etc." The primary rule is that the foreign student is to be insured from their home country. In addition to the personal injury insurance there is additional cover for foreign students through the Swedish Legal, Financial and Administrative Services Agency's Student In-insurance in cases where KTH has concluded an agreement with the relevant student's university concerning a student exchange scheme. Student In-insurance provides foreign students with cover for medical care and treatment costs. It also contains a certain amount of accident cover in the form of fixed amounts for invalidity or decease, plus liability and legal cover. This applies 24/7 when in Sweden. Student In-insurance may also be taken out by KTH (School/Division) for individual students who are to study or carry out a job placement in Sweden when this occurs outside the framework of the university exchange agreements mentioned above.

- Insurance cover for foreign visiting/guest lecturers/researchers etc.

intra.kth.se/regelverk/personal/personforsakringar/forsakringsskydd-for-utlandska-gastforelas