

Decision maker: The Vice-Chancellor	Decision date: 9 December 2019
Type of document: Rules	Valid from: 1 January 2020
Valid until: Until further notice	To be updated before:
Cancelled documents: Scholarships Rules at Luleå University of Technology, reg. no. 2075-2018	

*This document is a translation of the Swedish original. In the event of any discrepancy between the translated document and the Swedish original, the original shall prevail.*

# Scholarships Rules at Luleå University of Technology

## Contents

<b>1. INTRODUCTION .....</b>	<b>3</b>
<b>2. SCHOLARSHIP RULES AND SCHOLARSHIP FORMS .....</b>	<b>4</b>
2.1 SCHOLARSHIPS IN RELATION TO FISCAL LEGISLATION .....	4
2.2 RISKS AND QUALIFYING PERIODS .....	5
2.3 SCHOLARSHIPS AT LULEÅ UNIVERSITY OF TECHNOLOGY .....	5
2.3.1 <i>Forms of scholarship</i> .....	5
2.3.2 <i>Internally established scholarships at the University</i> .....	6
<b>3. GENERAL PROVISIONS, PROCEDURES AND INFORMATION .....</b>	<b>6</b>
3.1 ANNOUNCEMENTS .....	6
3.2 MATTER PREPARATION AND DECISIONS .....	7
3.3 SCHOLARSHIP PAYMENT .....	7
3.4 GENERAL PRINCIPLES .....	7
3.5 REMUNERATIONS OTHER THAN SCHOLARSHIPS .....	7
<b>4. INFORMATION TO THE SCHOLAR, RESPONSIBILITY FOR THE WORKING ENVIRONMENT.....</b>	<b>8</b>
4.1 RECEPTION, INFORMATION AND INSURANCES .....	8
4.2 RESPONSIBILITY FOR THE WORKING ENVIRONMENT .....	8
<b>5. DOCTORAL STUDENT SCHOLARSHIPS .....</b>	<b>8</b>
5.1 HANDLING OF SCHOLARSHIPS AT THIRD-CYCLE LEVEL .....	8
5.1.1 <i>Preparation and decision</i> .....	9
5.2 FINANCING OF TIME-LIMITED SCHOLARSHIP .....	9
5.3 SCHOLARSHIP AMOUNTS FOR SCHOLARSHIPS AT THIRD-CYCLE LEVEL .....	10
5.4 SPECIAL INSURANCE FOR DOCTORAL STUDENTS WITH SCHOLARSHIPS .....	10
<b>6. POSTDOCTORAL SCHOLARSHIPS .....</b>	<b>10</b>
6.1 HANDLING OF POSTDOCTORAL SCHOLARSHIPS .....	11
6.1.1 <i>Plans for acquisition of qualifications, supervision and agreements</i> .....	11
6.1.2 <i>Preparation and decision</i> .....	12
6.2 SCHOLARSHIP AMOUNTS FOR POSTDOCTORAL SCHOLARSHIPS .....	12
<b>7. SCHOLARSHIPS FOR FIRST-CYCLE AND SECOND-CYCLE STUDENTS.....</b>	<b>12</b>
7.1 HANDLING OF FIRST-CYCLE AND SECOND-CYCLE SCHOLARSHIPS .....	12
7.1.1 <i>Preparation and decision</i> .....	13
7.2 SCHOLARSHIP AMOUNTS FOR FIRST-CYCLE AND SECOND-CYCLE SCHOLARSHIPS .....	13
<b>8. SCHOLARSHIPS IN THE FORM OF REWARDS FOR COMMENDABLE ACHIEVEMENTS.....</b>	<b>13</b>
8.1 PREPARATION AND DECISION .....	13
<b>9. SCHOLARSHIPS INTENDED FOR INDIVIDUALS (INDIVIDUAL SCHOLARSHIP) .....</b>	<b>13</b>
<b>10. RISKS AND CONSEQUENCES .....</b>	<b>14</b>

## 1. Introduction

Luleå University of Technology (hereinafter ‘the University’) competes both nationally and internationally for skills in research and education. To enable a successful skills supply, the University shall work for reasonable conditions for those who study at third-cycle level or those who acquire further qualifications after their third-cycle studies within the frame of a postdoctoral appointment.

The purpose of the University’s Scholarship Rules is to ensure that the University manages scholarships in a uniform, equal and legal way. The Scholarship Rules shall also contribute to reasonable conditions for the scholarship holders and clarify the responsibility of the Head of Department/equivalent when admitting scholars.

The University has a restrictive approach regarding scholarships as a form of financing. The fundamental principle is to use employment contracts, but to a certain extent the funding takes the form of scholarships.

From a labour law point of view, scholarships generally implies worse conditions for the individual compared to an employment, regarding for example parenthood and retirement. Furthermore, there may be a risk that the scholarship funding is accompanied by conditions and requirements for the individual, that are not in accordance with the values of the University and the Swedish Government.

In addition to the above, the management of scholarships involves a risk for the University, since an incorrect application of the tax rules may lead to serious fiscal consequences for the University and the individual.

The University’s Scholarship Rules apply to the scholarships established by the University as well as to external scholarships and personal scholarships. In addition to them, scholarships in the form of rewards for commendable achievements also fall under these Scholarship Rules.

According to the Income Tax Act (ITA), the Marie Curie Research Fellowship, which is paid directly or indirectly by the European Union, is taxable<sup>1</sup>. These Scholarship Rules do not apply to the Marie Curie Fellowships.

Externally employed doctoral students, such as industrial doctoral students or equivalent, are not covered by these rules since the University has special guidelines for them.

---

<sup>1</sup> ITA, Chapter 11, section 46 (Inkomstskattelagen 11 kap. 46 §)

## 2. Scholarship rules and scholarship forms

### 2.1 Scholarships in relation to fiscal legislation

The basis for the University's approach to scholarships as a form of financing can be found in the fiscal legislation and in the Higher Education Ordinance (HEO).

The fiscal legislation sets limits to when scholarships with accompanying tax exemption may exist and ultimately when scholarship financing is possible within the University's activities.

Different rules are applicable to education scholarships and other scholarships. Scholarships intended for the recipient's education are tax exempted, according to the Income Tax Act. Scholarships intended for other purposes are tax exempted when they do not constitute remunerations for work which has been or will be carried out on behalf of the paying agent, and when they are not paid periodically.<sup>2</sup>

The Income Tax Act gives no clear definition of scholarships but in the preparatory work of the Act the following description is included: "A scholarship is defined as a grant to a natural person with the purpose to pay the recipient's education or to support activities in which the recipient is engaged or plans to start. It may regard literary, artistic or thereby comparable activities, athletic activities or pursuing activities as a researcher or an inventor.

Grants to support other activities than those mentioned above and also prizes and awards to reward already performed activities are falling within grants that equate with scholarships, also known as Analogous grants."<sup>3</sup>

Scholarships are therewith a possible form of financing a doctoral student's third-cycle studies and for a post doctor's acquisition of research qualifications. Scholarships are tax exempted on condition that they exclusively are used for purposes here mentioned and that they are not remuneration for work on behalf of the University. This also requires the University to be explicit regarding the scholarship conditions.

To be able to give a tax exempted contribution in the form of a scholarship to a natural person, limits must be set to what is considered to be remuneration for work.

Scholarships are taxable if they are issued by employers or principals or require some kind of counter-performance. If counter-performance that may be benefitting to the grantor is required, the scholarship is considered to be remuneration for performed work, i.e. salary that shall be taxed and charged with social insurance contributions.

---

<sup>2</sup> ITA, Chapter 8, section 5 (Inkomstskattelagen 8 kap. 5 §)

<sup>3</sup> Government bill 1990/91:54, page 180 (Proposition 1990/91:54 s. 180)

## 2.2 Risks and qualifying periods

A previous employment with the grantor may disqualify from tax exemption, even if it can be established that the scholarship holder during the scholarship period has not performed work that can be considered benefitting to the University. According to fiscal practice, scholarships paid by the ex-employer are considered to be an outflow of the previous employment and therewith regarded as salary.

As a result, the scholarship holder must not be nor have been employed at the University during the last two years before the granting of the scholarship. Exceptions from this rule are assignments as student representatives of the University Board and faculty boards or assignments within student recruitment and other similar assignments. If the qualifying period requirement is not fulfilled, the person concerned shall be offered an employment.

Since even very limited employments during the scholarship period can have an impact on the scholarship, no employments/remunerations shall be made during the scholarship period, regardless the purpose of the scholarship.

## 2.3 Scholarships at Luleå University of Technology

The fundamental principle at the University is that financing of third-cycle studies and acquisition of research qualifications shall take place within the frame of an employment.

If a doctoral student, a future doctoral student or a post doctor applies for or has been granted a scholarship from an external scholarship grantor with direct payment to the doctoral student (an individual scholarship) for his or her education/acquisition of qualifications, the University shall at first hand inquire whether the grantor can pay the scholarship amount to the University instead, as a partial funding of a doctoral employment. The same applies if a grantor wishes to finance a doctoral student by a scholarship with funds that are paid to the University for administration and management (an external scholarship).

### 2.3.1 Forms of scholarship

On special occasions, there is financing by scholarships; the conditions under which this can take place are specified in the next section.

These Scholarships Rules comprise the scholarships established by the University, external scholarships and individual scholarships.

**Internally established scholarships** are scholarships established within the University through a separate decision by the Head of Department at the relevant department.

**External scholarships** are scholarships where an external financier offers scholarships for third-cycle studies/acquisition of qualifications and where the scholarship grantor provides the

University with special funds for handling selections of scholarship holders and also for payment administration.

**Individual scholarships** are scholarships where an external scholarship grantor offers scholarships that shall be paid to a named holder and where the scholarship grantor is responsible for a direct payment to that holder. The individual thus brings his or her own funding by means of scholarship with direct payment from the scholarship grantor.

A scholarship or an admission to third-cycle studies with scholarship as a form of financing may be established after a decision/exemption by Vice-Chancellor.

Scholarships in the form of rewards for commendable achievements, see section 8.

### 2.3.2 Internally established scholarships at the University

The opportunities for the University to establish its own scholarships are limited. The introduction of the Spending Authorization states that scholarships intended to be an alternative to salary or other forms of financing third-cycle studies, may not be financed by funds from the national budget. In this context, 'the national budget' means appropriations for research and third-cycle studies as well as other State resources that are allocated by a government agency.<sup>4</sup>

The opportunities that the University has to establish scholarships itself are limited to funds that are generated by or are coming from external financiers.

Funds from external contract activities must not be used for financing a scholarship if the principal requires a direct counter-performance.

## 3. General provisions, procedures and information

Some general rules for scholarships at the University follow below.

### 3.1 Announcements

Scholarships established by the University and, as appropriate, external scholarships shall be announced so that anyone interested may apply. The announcement shall be appropriately published on the University's web site.

---

<sup>4</sup> The Spending Authorization (in Swe: Regleringsbrev) for the Financial Year of 2018 regarding universities and colleges of higher education

The announcement shall be designed in consultation with Human Resources. It shall be clearly shown that it concerns a scholarship; the information must not be designed so that the announcement mistakenly may be read as a job offer.

The application period for the scholarship shall be three weeks from the date on which the scholarship was published. If there are special grounds, exceptions from the rule of announcement may be allowed.

### 3.2 Matter preparation and decisions

The responsible Head of Department decides who will be granted a scholarship. When a decision on a scholarship is taken, the form "Award of educational scholarship" shall be used. The decision on the establishment of the scholarship for the corresponding period together with the study plan/plan for acquisition of qualifications shall be attached to the admission decision. The Head of Department shall ensure that the person is eligible and fulfils other conditions.

### 3.3 Scholarship payment

If a scholarship is paid for a longer period than 24 months or if payment is made once a month, there is a risk - according to fiscal practice - that it can be regarded as a periodical support from the University, which then will be liable to pay taxes. Therefore, established education scholarships are paid quarterly, in advance, through the salary system.

### 3.4 General principles

The scholarship holder shall complete his or her studies/acquisition of qualifications, in accordance with the approved study plan/plan for acquisition of qualifications. In general, the studies/acquisition of qualifications are carried out on a full-time basis. Any misconduct may lead to the University reconsidering the decided scholarship not yet paid to the holder.

### 3.5 Remunerations other than scholarships

The purpose of a scholarship is to cover living costs such as food, rent and travels during a scholar's period of study.

Remunerations other than the scholarship during the period of study may only be for verified expenses related to compulsory elements in the education. In the event of travelling on behalf of the authority, actual travel and accommodation costs may be remunerated, but not any increased subsistence expenses/allowance.

The travels shall in first hand be booked by the travel agency contracted by the University and then invoiced to the University. Expenses, if any, are remunerated through the accounting system.

If the level of income of the scholarship holder changes, the Head of Division or equivalent is to be contacted. The same applies if the scholarship holder intends to apply for additional funding or to draw a salary. Changes must be documented in the study plan/plan for acquisition of qualifications.

## 4. Information to the scholar, responsibility for the working environment

The receiving department is especially responsible for providing the scholarship holder concerned with information.

### 4.1 Reception, information and insurances

The Head of Department is responsible for providing, in good time, the scholarship holder with correct information regarding the conditions related to the scholarship. It is particularly important that the scholarship holder be informed about the insurance cover in force during the scholarship period. The scholarship holder shall be made aware of the importance of insurance covers and be recommended to contact an insurance company to take out private insurances.

Before the scholarship holder joins the University, it is important that the department in good time informs about and, when necessary, assists in applying for residence permit and visa, in case they are required. Furthermore, the Head of Department shall ensure the opportunity for non-Swedish-speaking scholarship holders to take Swedish courses.

### 4.2 Responsibility for the working environment

According to the Work Environment Act, the University is responsible for the working environment for everyone that frequents the University premises on a regular basis, also including scholars.

## 5. Doctoral student scholarships

Normally, the University does not allow admissions of doctoral students financed by scholarship; an employment shall always be considered in the first place.

### 5.1 Handling of scholarships at third-cycle level

The Head of Department decides on the admissions of doctoral students. If the intention is that the doctoral student shall be financed by scholarships, a separate decision/exemption by the Vice-Chancellor is required. If there are special grounds, the Vice-Chancellor may allow such an exemption. The Vice-Chancellor decides on exemptions upon an application by the Head of Department and preparation by Human Resources.



In the event of an application for exemption, it is required that:

- The Head of Department clearly states in the application special grounds for the admission financed by scholarship
- A financing plan including a named financier is enclosed
- The Head of Department guarantees an employment as a doctoral student in case an external scholarship grantor does not fulfil the contract or in case a scholarship is no longer paid for any other reason.
- The Head of Department shall guarantee that a scholarship from an external scholarship grantor does not burden the scholarship holder with unreasonable conditions. Side conditions, if any, shall be clearly specified.
- The external scholarship grantor guarantees that the scholarship amount during the doctoral students' planned period of study does not go below the minimum scholarship amount for doctoral scholarships determined by the University or that the department/the University otherwise secures that the fixed scholarship amount is paid to the doctoral student. See section 5.3.
- If the doctoral student is admitted within a partnership agreement between the University and another higher education institution and the doctoral student receives a scholarship, the agreement/the supporting documentation shall state that the doctoral student receives at a minimum the scholarship amount determined by the University, see section 5.3 and also separate guidelines for further information.

### 5.1.1 Preparation and decision

Admissions of doctoral students with scholarship financing shall comply with decided procedures for matter preparation, documentation and formal decision-making.

## 5.2 Financing of time-limited scholarship

Doctoral students with financing by scholarship (admitted after 1 July 2018) shall “on application be appointed to a doctoral studentship no later than the date on which according to the individual study plan there remains a period of study corresponding to three years of full-time study before the award of a PhD or a doctorate in the fine, applied and performing arts.”<sup>5</sup>

As appropriate, an employment application by the doctoral student shall be addressed to the relevant Head of Department for an employment decision when three years of the education remain. Thereby, scholarships for third-cycle studies shall be handled in accordance with the same procedures as an employment matter, already at the time for recruitment and selection.

A doctoral student whose financing of studies consists of a scholarship needs not to be employed if the scholarship is paid within the frame of:

---

<sup>5</sup> HEO, Chapter 5, section 4 (Högskoleförordningen 5 kap. 4 §)

1. An aid and capacity development programme, where scholarships are the conventional method of financing and the admmissive higher education institution has clear insight into the scholarship conditions as well as into the payment method of the scholarship, or
2. Programmes or equivalent financed by the European Union, in which scholarships are the conventional method of financing and in which funding requirements through an employment is an obstacle to the participation of the admmissive higher education institution.<sup>6</sup>

For scholarships under item 1 and 2 above, there may be other externally decided time limit rules.

### 5.3 Scholarship amounts for scholarships at third-cycle level

The minimum scholarship amount for doctoral students must not be below the first salary level for doctoral students after tax as stated in the local collective agreements for doctoral students. If the doctoral student resides alternately in Sweden and in another country, the requirement for the lowest amount level is valid only when the doctoral student resides in Sweden.<sup>7</sup>

### 5.4 Special insurance for doctoral students with scholarships

The University has taken out a special insurance at the Legal, Financial and Administrative Services Agency for doctoral students financed by scholarship. This insurance is in force at the time during which the doctoral student's scholarship is no longer paid because of absence from study on the grounds of illness or parental leave or because the doctoral student's studies are prolonged in consequence of sickness or parental leave and the doctoral student not receiving a scholarship for the prolonged period of study.<sup>8</sup>

The insurance does not entitle to remuneration if the doctoral student is entitled to corresponding remuneration from another insurance. The insurance is taken out on an annual basis and is renewed for one year at the time.

## 6. Postdoctoral scholarships

In accordance with the current collective agreement, the University may temporarily employ post doctors during maximum 24 months. In general, the University does not establish any postdoctoral scholarships; employment shall be considered in the first place.

The Swedish Tax Agency has paid special attention to the establishment of scholarships for doctoral students and post doctors and this has given rise to a number of remarks in tax audits. One reason is that within a research environment it is difficult to set limits between research work and practical elements in a study programme.

---

<sup>6</sup> HEO, Chapter 5, section 4 (Högskoleförordningen 5 kap. 4 §)

<sup>7</sup> HEO, Chapter 7, section 36 (Högskoleförordningen 7 kap. 36 §). Current agreements are published on the intranet.

<sup>8</sup> HEO, Chapter 1, section 11 c (Högskoleförordningen 1 kap. 11 c §)

To be qualified for a postdoctoral scholarship, the person shall have been awarded a doctorate degree or a foreign degree equivalent to a doctorate degree. Since a postdoctoral scholarship is further acquisition of qualifications for research after the doctorate degree, the scholarship must not be paid for more than five years after the award of a doctorate to be regarded as education. One exception to the above is parental leave and sickness absence as defined by law after the award of a doctorate.

A person who carries out research at the University after the completion of the doctoral degree can not be placed on an equal footing with doctoral students who undertake third-cycle studies. Tax exemption for postdoctoral scholarships may therefore be assessed in accordance with the rules applying to scholarships with other similar purposes.<sup>9</sup> In such cases, scholarships may only come into question when they regard the individual's acquirement of qualification for research and are not remuneration for work on behalf of the University.

## 6.1 Handling of postdoctoral scholarships

The Head of Department decides on the recruitment of post doctors. If the intention is that the post doctor shall be financed by scholarships, a separate decision/exemption by the Vice-Chancellor is required. If there are special grounds, the Vice-Chancellor may allow such an exemption. The Vice-Chancellor decides on exemptions upon an application by the Head of Department and preparation by Human Resources.

In the event of an application for exemption, it is required that:

- The Head of Department clearly states special grounds for the establishment of scholarship
- A financing plan including a named financier is enclosed
- The Head of Department guarantees an employment as post doctor in case the external scholarship grantor does not fulfil the contract or if a scholarship ceases to be paid for any other reason.
- The external scholarship grantor guarantees that the scholarship amount does not go below the fixed scholarship amount for post doctors, see section 6.2.

### 6.1.1 Plans for acquisition of qualifications, supervision and agreements

In the event of a decision on the establishment of scholarship, a specific and clear plan for acquisition of qualifications for the scholar's stay at the University shall be drawn up. A supervisor shall be appointed for postdoctoral acquisition of qualifications. The purpose of the plan is to give the scholarship holder well defined and clear guidance regarding his or her acquisition of qualifications for research at the University.

---

<sup>9</sup> The Swedish Tax Agency, Legal Guidance Scholarships 2018

Agreements that state the detailed conditions for the scholar's stay at the department shall always be drawn up.

### 6.1.2 Preparation and decision

Recruitment and selection of scholarship holders shall comply with decided procedures for matter preparation, documentation and formal decision-making.

If there are special reasons to establish a scholarship and all requirements in the University's Rules for scholarships are met, the Head of Department may decide, after the preparation by the HR unit, on exemption and establishment regarding the postdoctoral level.

## 6.2 Scholarship amounts for postdoctoral scholarships

The minimum scholarship amount for post doctors must not be below the second salary level for doctoral students after tax as stated in the local collective agreements for doctoral students.<sup>10</sup>

## 7. Scholarships for first-cycle and second-cycle students

First-cycle and second-cycle students who perform work on behalf of the University shall in first hand perform the work within the frames of an employment and be remunerated for it. In general, the University does not establish scholarships for first-cycle and second-cycle students.

Scholarships related to situations similar to education may exist under specific circumstances. A decision on the establishment of a scholarship requires a separate decision/exemption by the Vice Chancellor upon a proposal by the Head of Department and preparation by Human Resources.

### 7.1 Handling of first-cycle and second-cycle scholarships

In the event of an application for exemption, it is required that:

- The Head of Department clearly states special grounds for the establishment of scholarship
- A financing plan including a named financier is enclosed
- The Head of Department guarantees an employment to a corresponding extent in case the external scholarship grantor does not fulfil the contract or if a scholarship ceases to be paid for any other reason.
- The external scholarship grantor guarantees that the scholarship amount does not go below the fixed scholarship amount for first and second level students, see section 7.2.

---

<sup>10</sup> Current agreements are published on the intranet.

### 7.1.1 Preparation and decision

If there are special reasons to establish a scholarship and all requirements in the University's Rules for scholarships are met, the Head of Department may decide, after the preparation by the HR unit, on exemption and establishment regarding the first- and second-cycle levels.

## 7.2 Scholarship amounts for first-cycle and second-cycle scholarships

For first-cycle and second-cycle students, the scholarship amount must not be below the student aid amount paid by the Swedish Board for Study Support to full-time students.<sup>11</sup>

## 8. Scholarships in the form of rewards for commendable achievements

The fundamental principle at the University is that remuneration for work on behalf of the University shall take place within the frame of an employment.

Under certain circumstances, the fiscal legislation allows the establishment of scholarships in the form of rewards for commendable achievements. Against this background, the University may establish scholarships to reward personnel as well as students for commendable achievements, for example in first- and second-cycle education or research or pedagogical prizes such as "The teacher of the year", "Best degree project" and "Best thesis!".

The tax exemption presumes that the prizes are not remuneration for work but an expression for encouragement and recognition. According to practise, prizes and rewards are tax exempted.<sup>12</sup>

### 8.1 Preparation and decision

Scholarship in the form of commendable achievements shall be announced in advance, so that anyone interested may find information. Information about who has been granted the scholarship shall also be announced.

Preparation and decision shall comply with decided procedures for matter preparation, documentation and formal decision-making.

## 9. Scholarships intended for individuals (individual scholarship)

Sometimes, the University receives questions about establishing individual scholarships at various levels, for example to admit a certain person to third-cycle studies or to receive a post doctor financed by an external scholarship, i.e. a scholarship that is paid by the grantor directly to the person.

---

<sup>11</sup> For current amount, see the Swedish Board for Study Support (CSN).

<sup>12</sup> See Prosecutor-General 1984 1:63 (RÅ 1984 1:63), among others.

The University has a restrictive approach in these matters. Also in these matters, the Head of Department decides on admission to third-cycle studies and on the recruitment of post doctors. If the purpose is that the candidate shall be financed by scholarships, a separate decision/exemption by the Vice-Chancellor is required. If there are special grounds, the Vice-Chancellor may allow such an exemption. The Vice-Chancellor decides on exemptions upon an application by the Head of Department and preparation by Human Resources. Matters shall be prepared in accordance with sections 5.1, 6.1 and 7.1.

The admission of doctoral students with individual scholarship requires a separate selection process. In the long run, they may be considered for an employment according to section 5.2.

## 10. Risks and consequences

Setting limits between work and education is difficult, since it is always the circumstances in the particular case that determine the outcome. The University's Scholarships Rules is a general interpretation of fiscal legislation. Decisions in individual matters based on these Scholarship Rules do not include guarantees against reviewers from another authorities or courts arriving at different points of view.

The consequences of scholarships regarded as salary or periodical support by The Swedish Tax Agency or by courts may be significant as there may be fiscal and/or labour law consequences.

When auditing an individual case, another authority may arrive at a different assessment than the University. In such cases, the department concerned shall be responsible for the financial consequences, if any. This may result in the department having to compensate the scholarship holder for incurred additional costs, besides the social security tax. This compensation is in turn regarded as salary paid to the scholar.