



Controller's Office

To our Fellowship/Scholarship Award Recipients

This notification is intended to help you understand the potential tax consequences of your recent award payment. The taxability of your award payment depends on how it is utilized. "Qualified" scholarships, fellowships or awards payments are not considered taxable income when used by the recipient for 'qualified tuition and related expenses'. The IRS does not require fellowship/scholarship award payments to be reported on a year-end tax statement.

'Qualified tuition and related expenses' generally represent tuition and fees required to enroll or attend a college or university, or fees, books, supplies or equipment required for courses at that school. Any portion of your award used for other types of expenses, such as room and board, travel costs, or other living expenses which are 'non-qualified' is considered taxable income. Typically, stipends awarded for living or travel expense are taxable. In addition, if the University directly or indirectly pays any other expenses related to this award on your behalf (such as transportation, rent, or other living expenses), these are also considered taxable income.

For example, if you receive a \$1,000 award, and spend \$700 on tuition and \$300 on room and board, the IRS requires you to self-report \$300 as taxable income on your annual personal income tax returns (i.e. Form 1040). If you expect that a portion of this award will be taxable, you may want to consult with your tax advisor to determine both the taxable portion of the award, and also if it is necessary to make federal and/or state estimated tax payments.

Note if you are a foreign national classified as a nonresident alien for tax purposes, the University may be required to withhold federal and state income tax from the award payment and to report this payment on year-end tax statement Form 1042-S.

The University may not provide tax or legal advice. Refer to IRS Publication 970, Tax Benefits for Education, on the IRS website at www.irs.gov for additional information on the taxability of fellowships/scholarships or consult a personal tax advisor.