



June 20, 2019

We feel it is our responsibility and in the best interest of the student to explain the general treatment for tax purposes of scholarship/fellowship/grant payments received for educational purposes.

Generally, under the tax laws, you should not have to pay income taxes on a scholarship, fellowship or grant, to the extent you use the funds for tuition, fees, books and supplies required for classes or enrollment. In other words, to the extent that you use the funds for these types of expenses, the scholarship, fellowship or grant amount should be excluded from your income for tax purposes.

However, any portion of a scholarship, fellowship or grant payment that you spend on incidental expenses, including room and board, could be included in your taxable income for the calendar year. Therefore, you may have to pay income taxes on the portion of a scholarship, fellowship or grant spent on items such as travel, research and medical insurance.

You should make the determination regarding whether a given scholarship, fellowship or grant is taxable based upon your individual facts and accounting for all the scholarships, fellowships or grants that you may have received. To the extent that you determine that a portion or all of the funds are not subject to tax, you should retain receipts, cancelled checks, and other documents that could show the total amount of your qualifying expenses.

Please note that the purpose of this letter is to make you aware of the possible consequences of scholarship, fellowship and grant amounts. Since individual tax liability depends on each individual's circumstances, you should contact your personal tax advisor or consult IRS Publications with any questions or concerns.