

IRS Information on Scholarships, Fellowship Grants, and Other Grants

A scholarship is generally an amount paid or allowed to a student at an educational institution for the purpose of study. A fellowship grant is generally an amount paid or allowed to an individual for the purpose of study or research. Other types of grants include need-based grants (such as Pell Grants), Fulbright grants, and similar amounts paid to students from external grantors.

Tax-Free Amounts

If you receive a scholarship, a fellowship grant, or other grant, all or part of the amounts you receive may be tax-free. Scholarships, fellowship grants, and other grants are tax-free if you meet the following conditions:

- You're a candidate for degree at an educational institution that maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance at the place where it carries on its educational activities; and
- The amounts you receive are used to pay for tuition and fees required for enrollment or attendance at the educational institution, or for fees, books, supplies, and equipment required for courses at the educational institution.

Taxable Amounts

You must include in gross income:

- Amounts used for incidental expenses, such as room and board, travel, and optional equipment/supplies.
- Amounts received as payments for teaching, research, or other services required as a condition for receiving the scholarship or fellowship grant. However, you don't need to include in gross income any amounts you receive for services that are required by the National Health Service Corps Scholarship Program or the Armed Forces Health Professions Scholarship and Financial Assistance Program.

How to Report

Generally, you report any portion of a scholarship, a fellowship grant, or other grant that you must include in gross income as follows:

- If filing IRS Form 1040, Form 1040A, or Form 1040EZ, include the taxable portion in the total amount reported on the "Wages, salaries, tips" line of your tax return. If the taxable amount wasn't reported on a Form W-2, enter "SCH" along with the taxable amount (Ex: "SCH \$5,250") in the space to the left of the "Wages, salaries, tips" line.

Estimated Tax Payments

If any part of your scholarship or fellowship grant is taxable, you may have to make estimated tax payments on the additional income. For additional information on estimated tax, refer to *IRS Publication 505, Tax Withholding and Estimated Tax*:

- <https://www.irs.gov/pub/irs-pdf/p505.pdf>

Additional Information

- *IRS Publication 970, Tax Benefits for Education*: <https://www.irs.gov/pub/irs-pdf/p970.pdf>