SCHOLARSHIPS, FELLOWSHIPS, PRIZES AND AWARDS
TAXATION POLICY

Scholarship and fellowship reporting and taxation are governed by the Internal Revenue Code and Treasury Regulations and enforced by the Internal Revenue Service (IRS). Scholarships/fellowships are not taxable to the extent they do not exceed the cost of tuition and fees, or course-required expenses (fees, books, supplies, equipment). These nontaxable amounts are called qualified educational expenses.

Amounts in excess of these requirements are taxable to the student, such as room/board, travel, research, living allowance, etc (nonqualified educational expenses). Scholarships or fellowships received to offset these nonqualified educational expenses are taxable to the student. However, for students who are U.S. citizens or resident aliens, there is no tax withholding or reporting required by the University. Note that the Financial Aid office is responsible for issuing tuition statements to the student and to the IRS, which may take into account scholarship/fellowship awards that are processed through that office. For scholarship or fellowship payments given to nonresident alien students, there is tax withholding and reporting to the IRS.

A scholarship is generally an amount paid or allowed to, or for the benefit of, a student at an educational institution to aid in the pursuit of studies. A fellowship is generally an amount paid for the benefit of an individual to aid in the pursuit of study or research, usually at the graduate level.

Remuneration for requiring the student to perform services or to perform research for the University is a form of employee compensation and not a fellowship. In this case, the student should be added to the payroll system through the Office of Human Resources.

Payment for winning a competition or being a top performer is not a scholarship or fellowship. This form of award is a prize. Prizes and awards are taxable to the recipient, and may be reportable to the IRS, depending on the prize amount and/or whether the recipient is a nonresident alien for U.S. tax purposes.

CLICK HERE TO BE TAKEN TO THE SCHOLARSHIPS & FELLOWSHIPS PAYMENT PROCEDURES