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Tax Treatment for Scholarships/Fellowships

**Payments for which Services are Not Required**

As defined by the IRS:

**Scholarships**: Amounts paid for the benefit of a student at an educational institution to aid in the pursuit of studies.

**Fellowships**: Amounts paid for the benefits of an individual in the pursuit of study or research.

**Qualified Scholarship and fellowship Grants**: Amounts paid for tuition and fees required to enroll in, or to attend an educational institution, or fees, books, supplies, and equipment that are required for the courses at the educational institution.

Amounts paid for incidental expenses are taxable. Incidental expenses include, but are not limited to, expenses for room and board, travel, research, clerical help, equipment, and other items not required for either enrollment of attendance at an educational institution, or in a course of instruction at an educational institution.

The following table indicates the tax treatment of scholarship and fellowship payments:

|  |  |  |
| --- | --- | --- |
| Payment For | Degree Candidate | Not a Degree Candidate |
| Tuition | Not Taxable | Taxable |
| Fees | Not Taxable | Taxable |
| Books\* | Not Taxable | Taxable |
| Supplies | Not Taxable | Taxable |
| Equipment | Not Taxable | Taxable |
| Room | Taxable | Taxable |
| Board | Taxable | Taxable |
| Travel | Taxable | Taxable |

\*Must be required of all students in a course of instruction at an educational institution.

**U.S. Citizens and Permanent Residents**

U.S. Citizens and Permanent Residents must have a Social Security Number in order to receive a scholarship or fellowship from Syracuse University.

By law, the grantor of scholarships and fellowships to United States citizens and permanent residents of the United States is not required to report these payments to the Internal Revenue Service or to the recipient. Likewise, there is no tax withholding required. It is the responsibility of the individual receiving the scholarship or fellowship to determine whether it is taxable and to report such payments as required on their personal income tax return.

Internal Revenue Service Publication 970 – Tax Benefits for Education provides additional information and may be obtained from the Internal Revenue Service website or by calling 1-800-829-3676.

**Non-Resident Aliens**

Non-resident aliens must have a Social Security Number or an individual taxpayer identification number in order to receive a scholarship or fellowship from Syracuse University. Non-qualified scholarships and fellowships given to non-resident aliens must be reported to the Internal Revenue Service and to the recipient on form 1042-S.

Qualified scholarships (scholarships for tuition and fees required for enrollment at Syracuse University) granted to candidates for a degree are not subject to tax withholding. Absent the existence of a tax treaty with an appropriate provision, scholarships and fellowships that are not applied directly to tuition and fees required to enroll in, or to attend an educational institution, or that exceed such fees, when given to non-resident aliens must have taxes withheld (at a rate of 14% for individuals on an F, J, M, or Q visa), even if the excess moneys are used for the purposes described above as being tax free. Where appropriate, the individual may apply for a tax refund upon filing their personal income tax return.

Absent the existence of a tax treaty with an appropriate provision, all scholarships or fellowships (qualified and not qualified) for study, training or research at an educational institution granted to individuals who are not candidates for a degree, that are present in the U.S. on an F, J, M, or Q visa, are subject to withholding at 14%.

Non-qualified scholarships and fellowships other than those described above are subject to withholding at 30%.