

# **IRS Guidelines for Scholarship:**

## **Topic 421 - Scholarship and Fellowship Grants**

If you receive a scholarship or fellowship grant, all or part of the amounts you receive may be tax-free.

Qualified scholarship and fellowship grants are treated as tax-free amounts if all the following conditions are met:

1. You are a candidate for a degree at an educational institution that maintains a regular faculty and curriculum and normally has a regular enrolled body of students in attendance at the place where it carries on its educational activities; and
2. Amounts you receive as a scholarship or fellowship grant are used for tuition and fees required for enrollment or attendance at the educational institution, or for fees, books, supplies, and equipment required for courses of instruction.

You must include in gross income amounts used for incidental expenses, such as room and board, travel, and optional equipment, and generally amounts received as payments for teaching, research, or other services required as a condition for receiving the scholarship or fellowship grant.

However, you do not 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.