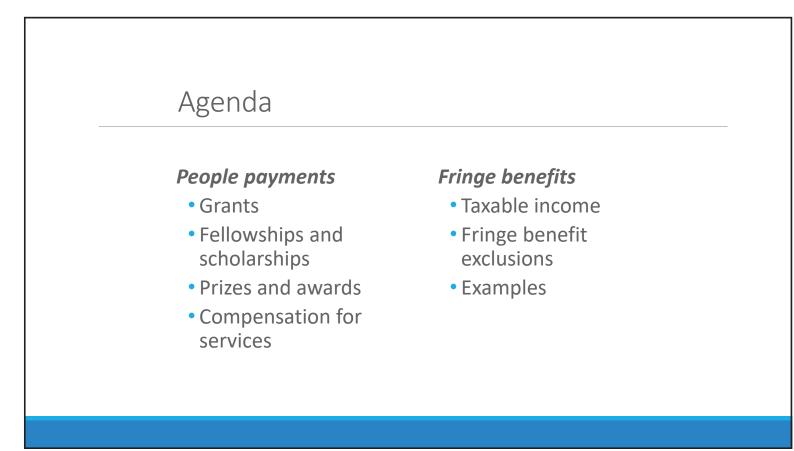
# People Payments and Fringe Benefits

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### People Payments

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#### Grants

 A grant is a sum of money given by the government, a university, or private organization to another organization or person for a special purpose

 Grants represent a broad category of payment types that include scholarships, fellowships, prizes and awards

## Scholarships and fellowships

#### Scholarship (Reg. 1.117-3(a))

An amount paid or allowed to, or for the benefit of, a student, whether an undergraduate or graduate, to aid such individual in pursuing his studies

#### Fellowship (Reg. 1.117-3(c))

An amount paid or allowed to, or for the benefit of, an individual to aid him in the pursuit of study or research

Exception for required services as a condition of receiving the fellowship

# Scholarships and fellowships

Gross income <u>excludes</u> amounts received as **qualified** scholarships or fellowships (§117(b))

• **Qualified expenses** – tuition, fees, and other related expenses that are required for courses for all students at the eligible educational institution

Gross income <u>includes</u> amounts received as **non-qualified** scholarships or fellowships (§117(c))

 Non-qualified expenses – amounts used for incidental expenses, such as a living expense stipend for room and board, travel, research, and optional equipment Find the full text of this and thousands of other resources from leading experts in dozens of legal practice areas in the <u>UT Law CLE eLibrary (utcle.org/elibrary)</u>

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