

# People Payments

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## Agenda

- Background / Overview
- Rule Refresher
- Examples / Discussion
- Roadmap to Compliance
- Questions

## What is a Scholarship / Fellowship or a Grant?

- A sum of money given to someone to help pay for that person's education.
- Money for teaching or study given to a student for an advanced degree or a position at a university paid for in this way.
- A sum of money given by the government, a university or private organization to another organization or person for a special purpose.



## What is a Scholarship / Fellowship or a Grant?

- Scholarship (Reg. 1.117-3(a)) –
  - An amount paid or allowed to, or for the benefit of, a student, whether an undergraduate or a graduate, **to aid such individual in pursuing his studies.** The term includes the value of contributed services and accommodations (see paragraph (d) of this section) and the amount of tuition, matriculation, and other fees which are furnished or remitted to a student to aid him in pursuing his studies. The term also includes any amount received in the nature of a family allowance as a part of a scholarship. However, the term does not include any amount provided by an individual to aid a relative, friend, or other individual in pursuing his studies where the grantor is motivated by family or philanthropic considerations. If an educational institution maintains or participates in a plan whereby the tuition of a child of a faculty member of such institution is remitted by any other participating educational institution attended by such child, the amount of the tuition so remitted shall be considered to be an amount received as a scholarship.

## What is a Scholarship / Fellowship or a Grant?

- Fellowship grant (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.** The term includes the value of contributed services and accommodations (see paragraph (d) of this section) and the amount of tuition, matriculation, and other fees which are furnished or remitted to an individual to aid him in the pursuit of study or research. The term also includes any amount received in the nature of a family allowance as a part of a fellowship grant. However, the term does not include any amount provided by an individual to aid a relative, friend, or other individual in the pursuit of study or research where the grantor is motivated by family or philanthropic considerations.

## Scholarship / Fellowship

- IRC Section 117
- Intended for educational benefit of individual
- Reporting
- Service element
- Service exception



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