

People Payments and Fringe Benefits

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Agenda

People payments

- Grants
- Fellowships and scholarships
- Prizes and awards
- Compensation for services

Fringe benefits

- Taxable income
- Fringe benefit exclusions
- Examples

People Payments



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 excludes 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 includes 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

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