

People Payments and Fringe Benefits

JULIA SHANAHAN, COLUMBIA UNIVERSITY

JOEL LEVENSON, UNIVERSITY OF CENTRAL FLORIDA

REBECCA BERGER, MASSACHUSETTS INSTITUTE OF TECHNOLOGY

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

Find the full text of this and thousands of other resources from leading experts in dozens of legal practice areas in the [UT Law CLE eLibrary \(utcle.org/elibrary\)](https://utcle.org/elibrary)

Title search: People Payments and Fringe Benefits

Also available as part of the eCourse

[2019 Higher Education Taxation Essentials eConference](#)

First appeared as part of the conference materials for the
2019 Higher Education Taxation Essentials session
"People Payments and Fringe Benefits"