

# People Payments and Fringe Benefits

Joel Levenson, University of Central Florida

Tracy Paglia, Moss Adams LLP

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## Agenda

### People Payments

- Grants
- Fellowships and scholarships
- Prizes and awards
- Gift cards
- Compensation for services
- Qualified disaster relief payments

### Fringe Benefits

- Taxable benefits
- Nontaxable benefits
- Expense reimbursements

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# Stipend:

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**This is not a term the IRS recognizes so doesn't help characterize the payment**

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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
- A grant may be taxable or nontaxable to the recipient

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# Scholarship / 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 117(c)(1)

Payments which require services as a condition of receiving the payment are not scholarships or fellowships \*

\* Exceptions for payments under the National Health Service Corps Scholarship program, Armed Forces Health Professions Scholarship and Financial Assistance program, and certain work-college programs

## Qualified Expenses Nontaxable

- Tuition and fees
- Books, supplies and equipment required for courses for all students

## Nonqualified Expenses Taxable

- Incidental expenses
- Living expenses
- Travel and research expenses
- Optional equipment

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