## People Payments and Fringe Benefits

Joel Levenson, University of Central Florida Tracy Paglia, Moss Adams LLP

### 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

# Stipend:

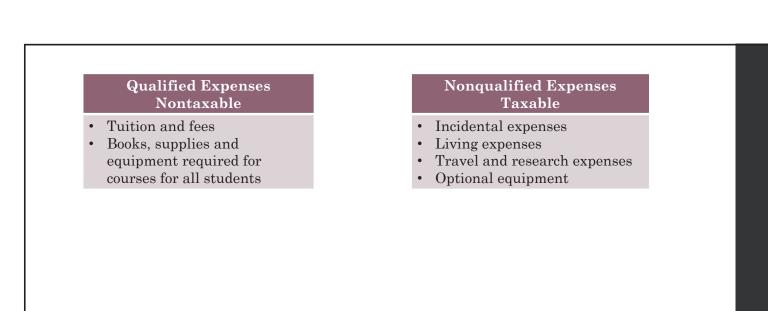
D il{hg#xp #r#p rqh|#sdb#shulrg1fd@ #iru#vhuy1fhv#ru#vr# ghid|#h{shqvhv1

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

### 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

| Scholarship / Fellowships      |   |
|--------------------------------|---|
| Scholarship Reg.<br>1.117-3(a) | An amount paid or allowed to, or for the benefit of, a student,<br>whether an undergraduate or graduate, to aid such individual<br>in pursuing his studies  |
| Fellowship Reg.<br>1.117-3(c)  | An amount paid or allowed to, or for the benefit of, an individual<br>to aid him in the pursuit of study or research  |
| Exception<br>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<br>Health Professions Scholarship and Financial Assistance program, and certain work-college programs |



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>

#### Title search: People Payments and Fringe Benefits

Also available as part of the eCourse 2022 Higher Education Taxation Essentials eConference

First appeared as part of the conference materials for the 2022 Higher Education Taxation Essentials session "People Payments and Fringe Benefits"