

People Payments and Fringe Benefits

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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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