**Kent State University**

**Student Letter – Scholarships/Fellowships/Grants**

Date

Student
Address
City, State Zip Code

Dear Student:

According to our records, you are the recipient of a scholarship, fellowship, or grant through Kent State University. We are not able to provide you with tax advice therefore the purpose of this letter is to explain to you the general treatment of these amounts for tax purposes.

Scholarships, fellowships, or grants are not required to be reported to the taxing authorities. Generally, under the tax laws, you should not have to pay taxes on a scholarship, fellowship, or grant to the extent you use the funds for tuition, fees, books, and equipment required for classes taken towards a degree. In other words, to the extent you use the funds for these types of expenses, the scholarship, fellowship, or grant amount should be excluded from your income for tax purposes.

However, any portion of a scholarship, fellowship, or grant payment you spend on incidental expenses could be included in your taxable income for the year. Therefore, you may have to pay income taxes on the portion of a scholarship, fellowship or grant spent on items such as room and board, travel, research, and medical insurance.

Note also that if any portion of the scholarship, fellowship, or grant is payment for services, KSU is required to withhold tax, and you must report as income the amount on the W-2 or 1099 provided to you.

You should make the determination regarding whether a given scholarship, fellowship, or grant is taxable based upon your individual facts and accounting for all the scholarship, fellowships, or grants that you may have received. To the extent that you determine that a portion or all of the funds are not subject to tax, you should retain receipts, cancelled checks, and other documents that could show the total amount of your qualifying expenses.

This letter only introduces you to the possible consequences of scholarship, fellowship, or grant amounts, and tax liability depends on each individual's circumstances. Because we are not able to give you tax advice, you should contact your personal tax advisor with any questions or concerns. You also may find the IRS Pub. No. 970, *Tax Benefits for Education,* helpful with regard to the tax treatment of the scholarship, fellowship, or grant amounts you received.

Very truly yours,

Kent State University