Information Letter for scholarships

Dear Student:

According to our records, you are the recipient of a Domestic Travel Award from the Graduate Student Senate. 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.

The receipt of this Domestic Travel Award is a scholarship for income tax purposes. Scholarships and 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.

Though scholarships are not reportable, the IRS does require us to report tuition paid as well as any scholarships that were processed by the University in order to help students determine if any of the educational credits and deductions apply. For this reason, you will receive IRS Form 1098-T for the value of the award. The Form 1098-T will show the value of the course as tuition billed (Box 2) and scholarships received (Box 5) for the same amount. If you have no other tuition or scholarships from KSU, the amounts will be equal. This is not a Form 1099 and should not be used to determine the taxability of the scholarship.

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,

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