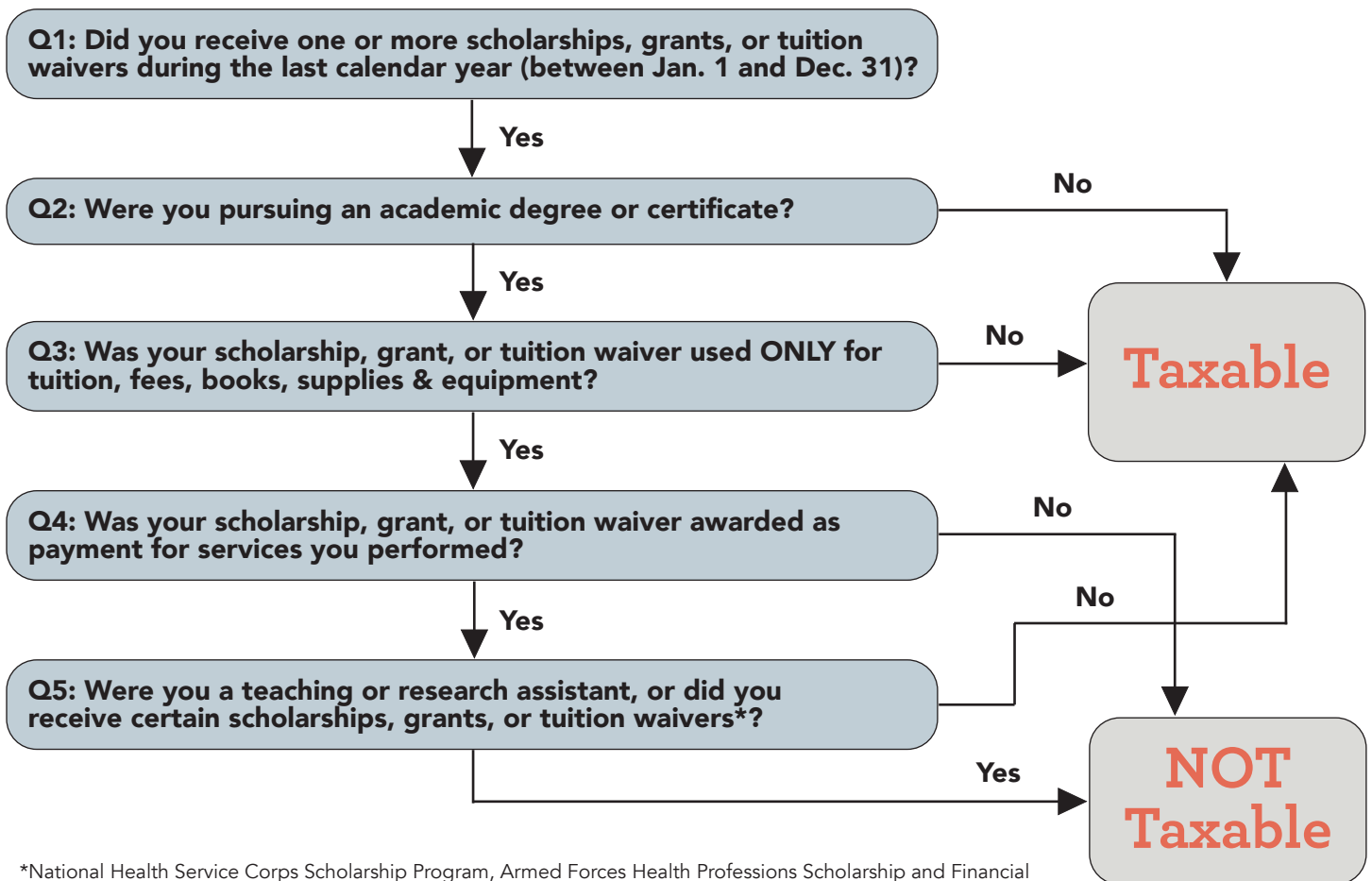


Are your scholarships, grants, and tuition waivers taxable? Maybe.

Answer these questions to find out if you have to file a federal income tax return and if you might owe federal income tax on your scholarships, grants and tuition waivers.



*National Health Service Corps Scholarship Program, Armed Forces Health Professions Scholarship and Financial Assistance program, or a comprehensive student work-learning-service program operated by a work college



DID YOU KNOW? Scholarships or grants used to pay for living expenses, such as room and board, transportation and child care, **are taxable!**

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Filing or not filing?

Q6: Do you have to file a federal tax return?

You must file a federal tax return if any of these conditions apply for 2019:

- Earned more than \$12,200 in wages, salaries or tips income
- You had net earnings from self-employment of at least \$400
- See Table 1-3 of IRS Publication 17 for other less common conditions

Q7: How do you report taxable portions of your scholarships, grants, and tuition waivers on the federal income tax return?

The taxable portion is reported as wages on line 1 of IRS Form 1040. Also write the letters "SCH" and the taxable amount of your scholarships, grants or tuition waivers on the dotted line next to line 1.

Q8: Will you have to pay tax on your scholarships, grants, or tuition waivers?

Yes, if your adjusted gross income (AGI), including the taxable portion of scholarships, grants, or tuition waivers, is above the standard deduction of \$12,200 in tax year 2019.

Q9: Do you have to report scholarship, grant or tuition waiver income on your state income tax return?

Most state income tax forms base income on the federal tax form. You do not have to separately list the taxable portion of your scholarship, grant or tuition waiver on your state income tax return.

Q10: Can you claim the American Opportunity Tax Credit (AOTC) if you used scholarships and grants for college expenses such as tuition, fees, books, supplies & equipment?

IRS rules prevent you from double-dipping. You cannot use the same tuition, fees, books, supplies & equipment expenses to qualify for both the AOTC and a nontaxable scholarship.

Q11: Will emergency aid grants or scholarships I receive in 2020 as a result of the COVID-19 pandemic be taxable?

This is a question that will apply next year for the 2020 tax year. Provisions of the federal CARES Act and the Disaster Relief Act make emergency assistance as a result of the COVID-19 pandemic nontaxable. We will continue to update this guide as more is determined.

Q12: What if you still have questions about the taxability of your scholarships, grants, and tuition waivers?

- Contact your tax preparer, contact the IRS 1-800-829-1040
- Look for free Volunteer Income Tax Assistance (VITA) near you at irs.treasury.gov/freetaxprep
- See IRS Publication 970 at irs.gov/pub/irs-pdf/p970.pdf
- Get help with tax terms at apps.irs.gov/app/understandingTaxes/student/glossary.jsp#G

Scholarship America and the National Scholarship Providers Association are working with the U.S. Congress to end the taxation of scholarships. Help us learn more about what students face with scholarship taxability. Share your story by emailing Kalwis Lo, at klo@scholarshipamerica.org.

