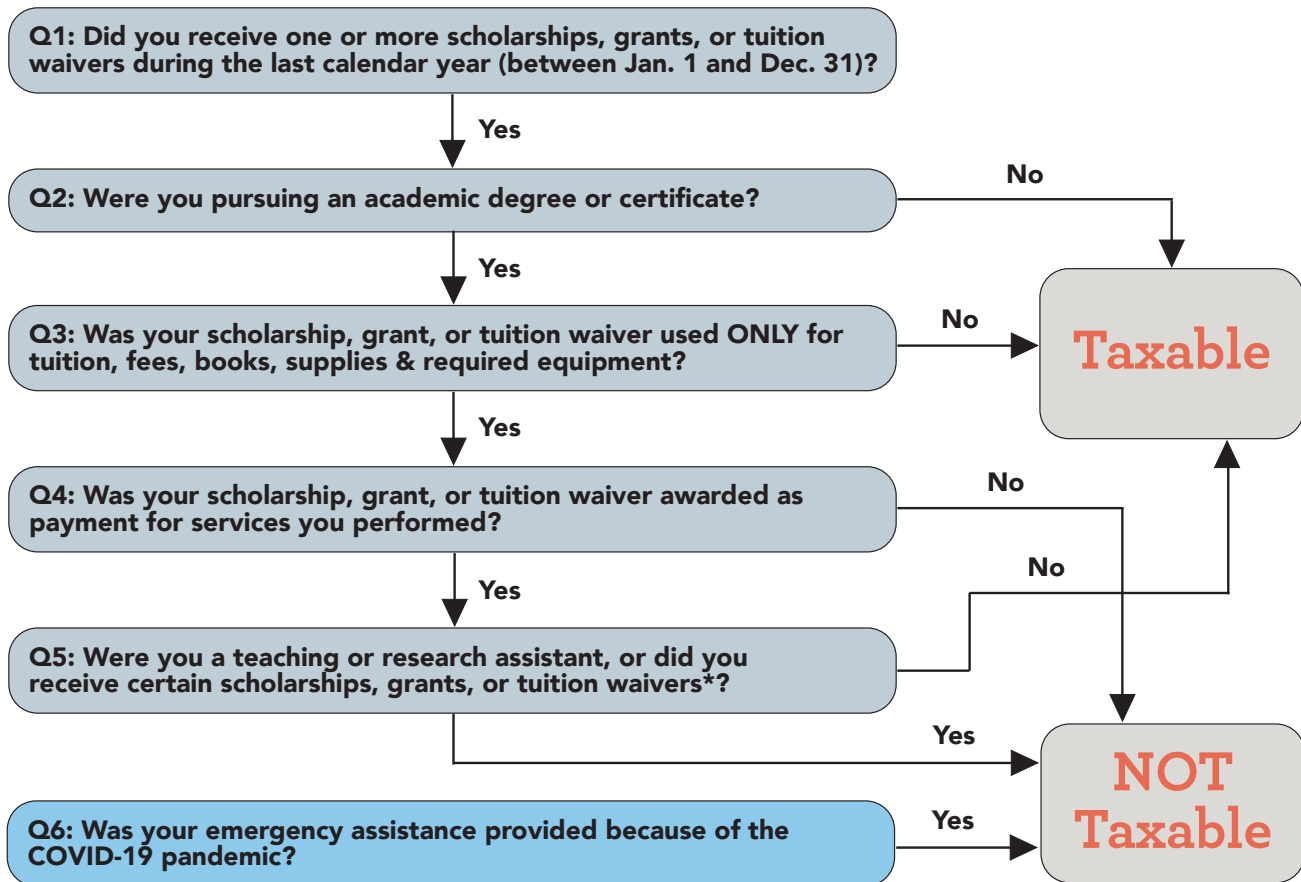


Are your scholarships, grants, emergency assistance or tuition waivers taxable during COVID-19?

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, emergency assistance or 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

COVID-19 Emergency assistance taxable?

Student aid applied to:	Normally Taxable?	Taxable during COVID-19?
Tuition & Fees	No	No
Books & Supplies	No	No
Equipment (required for a course)	No	No
Computer Equipment & Access	Maybe	No
Housing (room)	Yes	No
Meals (board)	Yes	No
Transportation	Yes	No
Child Care	Yes	No
Health Care	Yes	No
Disability-related expenses	Yes	No

ONLY non-taxable if emergency assistance or relief in response to COVID-19

Due to IRS guidance (May, 2020) and the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Nov, 1988), emergency assistance associated with the COVID-19 Pandemic is considered nontaxable.



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Filing or not filing?

Q7: Do you have to file a federal tax return?

You must file a federal tax return if any of these conditions apply for 2020:

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

Q8: How do you report taxable portions of your scholarships, grants, or 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 if the taxable amount was not reported on an IRS Form W-2. If submitting electronically, follow online instructions.

Q9: 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 \$12,400 in tax year 2020.

Q10: 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, COVID-19 emergency assistance or tuition waiver on your state income tax return.

Q11: 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.

Q12: Will emergency assistance or stimulus checks I receive in 2020 as a result of the COVID-19 pandemic be taxable?

No. Due to IRS guidance (May, 2020) and the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Nov, 1988), emergency assistance associated with the COVID-19 Pandemic is considered nontaxable. See the chart on page one of this guide for details. A stimulus check (recovery rebate) is not taxable because it's an advance refund of a tax credit.

Q13: What if you still have questions about the taxability of your scholarships, grants, or 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

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.

