

## Taxability of Stipends

Section 117 of the Internal Revenue Code applies to the tax treatment of scholarships and fellowships. Degree candidates may exclude from gross income (for tax purposes) any amount used for course tuition and related expenses such as fees, books, supplies, and equipment required for courses of instruction at a qualified educational organization. Nondegree candidates are required to report as gross income any monies paid on their behalf for stipends or any course tuition and fees required for attendance.

The taxability of stipends in no way alters the relationship between Kirschstein-NRSA fellows and sponsoring institutions. Kirschstein-NRSA stipends are not considered salaries. In addition, recipients of Kirschstein-NRSA individual fellowships are not considered to be in an employee-employer relationship with NIH or the sponsoring institution solely as a result of the Kirschstein-NRSA award. The interpretation and implementation of the tax laws are the domain of the IRS and the courts. NIH takes no position on what the status may be for a particular taxpayer, and it does not have the authority to dispense tax advice. Individuals should consult their local IRS office about the applicability of the law to their situation and for information on their tax obligations.