

Taxability of Scholarships and Grants in 2023

The Tax Reform Act of 1986 specifies that

“scholarship amounts granted ... for expenses incurred ... are taxable income, if the aggregate scholarship ... amounts ... exceed tuition and fees (not including room and board), books, supplies, and equipment required for courses of instruction at [an eligible] institution.”

Any *general* scholarship or grant that is received in a calendar year may be regarded as first applying toward excludable expenses (i.e., tuition, required fees, and required books, supplies, and equipment) even though family resources, loans, or student employment may in fact have initially paid those expenses. You should retain records (e.g., copies of relevant bills, receipts, checks) to document your excludable expenses. If you receive general scholarship or grant in excess of the cost of tuition, fees, and books, the excess amount is taxable. In addition, *specific* scholarships or grants (e.g., health insurance grants) that are directed toward expenses other than tuition, fees, and books are subject to taxation.

Other forms of financial aid — loans and student employment — are not covered by these provisions of the tax law. **Earnings from student employment are taxable as wages, as is any summer stipend you may have received from the college.** If you had any campus earnings during 2023, a W-2 form will be issued to you by Williams College Human Resources and is available to download in your ephr.williams.edu account. If you had a taxable summer stipend, a 1099 form will be issued to you by the Williams College Controller.

The following worksheet will help you determine the amount of taxable scholarship or grant that you may have received in 2023. **The academic terms referenced in the worksheet are for the spring and fall semesters of 2023 (the calendar year), not the fall and spring semesters of 2023-24 (this academic year).** If you no longer have copies of your award notice(s) that cover these periods, you can view (and print) them from your Williams Student Records account: Finances > View Financial Aid > select Aid Year 2023 to view the spring 2023 grants/scholarships and Aid Year 2024 to view the fall 2023 grants/scholarships.

Of note, the IRS Form 1098-T is designed to primarily report payments, scholarships, and grants applied to qualified charges that were posted to your student account during calendar year 2023. Form 1098-T does not contain complete information required to calculate the amount of your taxable scholarships and grants; therefore, we do not recommend using your 1098-T to make this calculation.

If you are a United States citizen or permanent resident completing an income tax return and you had taxable scholarships and grants, enter the amount of taxable aid to your **Schedule 1, line 8r – Scholarship and fellowship grants not reported on Form W-2.**

For further information, you may find IRS publication 970, *Tax Benefits for Education*, useful. Information, forms, and publications are also available from the IRS website (www.irs.gov) or by calling 800-829-3676. In addition, the IRS has a toll-free number (800-829-1040) to provide help in completing tax returns.

Request for Reimbursement

Williams College will reimburse any current financial aid student for the amount of federal tax liability generated by their taxable scholarships and grants as detailed in their Williams financial aid award. [Complete this Google Form to request reimbursement.](#) Be prepared to upload a copy of your signed and dated 2023 federal income tax return. The deadline to submit a request is the last day of classes immediately following the applicable tax year's April filing deadline.

**WORKSHEET FOR CALCULATING
TAXABLE SCHOLARSHIPS AND GRANTS
Williams College Student Financial Services
Calendar Year 2023**

	<i>Spring Semester 2023</i>	<i>Fall Semester 2023</i>
Scholarships or grants subject to tax exclusion		
Williams College Scholarship/Grant	\$ _____	\$ _____
Federal Pell Grant	+ _____	+ _____
Federal SEOG	+ _____	+ _____
State scholarship or grant	+ _____	+ _____
"Outside" scholarship(s)	+ _____	+ _____
Parent's tuition benefit (See note 1)	+ _____	+ _____
A. TOTAL	\$ _____	\$ _____

Excludable expenses

Tuition (See note 2)	\$ 30,725	\$ 32,270
Fees (See note 3)	+ \$160	+ \$160
Books and supplies (See note 4)	+ _____	+ _____
B. TOTAL	\$ _____	\$ _____

Scholarships or grants NOT eligible for tax exclusion

C. Excess scholarships or grants <i>If Total A exceeds Total B, enter Total A minus Total B; otherwise, enter \$0.</i>	\$ _____	\$ _____
Williams Health Insurance Grant (See note 5)	+ _____	+ _____
D. TOTAL	\$ _____	\$ _____
E. TOTAL TAXABLE SCHOLARSHIPS AND GRANTS		
<i>Enter the sum of total D for Spring 2023 and Fall 2023.</i>		
<i>If the sum is greater than \$0, enter it on your 2023 income tax Schedule 1, line 8r.</i>		
		\$ _____

Notes

- 1) Include only if the tuition benefit received is not taxable to your parent.
- 2) If you were not on campus but were enrolled in a study away program, enter the appropriate amount of tuition (exclude room and board).
- 3) If you were not on campus but were enrolled in a study away program, enter the appropriate amount of required fees.
- 4) Include only expenses for books and supplies required for your courses but **not** covered by your Williams Book Grant.
- 5) Williams Health Insurance Grant is taxable in **all** cases.