

**Information to Students on Taxation  
of Scholarships, Fellowships, and Stipends**

*Please consult with your foundation or grants management office to ascertain how this issue is treated at your institution, and whether Form 1099-Misc is issued to students receiving stipends. \**

Per 45 CFR 235.61, a stipend is the basic living allowance paid to a student.

Students should consult their own tax advisors and/or current IRS publications regarding the taxability of their stipends or other forms of support. IRS Publication 970 (Tax Benefits for Education) is to be used in preparing 2005 tax returns. Per Pub 970, stipend funds that are used for certain qualifying expenses, such as tuition, may be excluded from tax.

Students and graduates should also be aware that per Title 11 of the US Code ( 11 US Sec. 523), indebtedness resulting from non-repayment of student educational benefits or stipends funded in whole or in part by a governmental unit or nonprofit institution will not ordinarily be discharged in the event of bankruptcy.

\*At San José State University, stipends are not 1099 – reportable payments. That is, the recipient will not receive a 1099-Misc form at the end of the year. Recipients should consult their tax advisors regarding the taxation of Scholarship, Fellowship, and Stipends.