

## OFFICE OF RESEARCH AND CREATIVE ACTIVITY

### INTERNAL FUNDING TAX MEMO

The purpose of this memo is to explain to you the general treatment of your FUSE OR GRACA stipends, for tax purposes.

Under tax laws, you should not have to pay taxes on a scholarship, fellowship, or grant, to the extent you use the funds for tuition, fees, books, and equipment required for classes or enrollment. In other words, to the extent you use FUSE or GRACA funds for these types of expenses, the scholarship, fellowship or grant amount should be excluded from your income for tax purposes.

However, any portion of a scholarship, fellowship or grant payment you spend on incidental expenses could be included in your taxable income for the year. Therefore, you may have to pay income taxes on the portion of a scholarship, fellowship, or grant spent on items such as room and board, travel, research and medical insurance.

The purpose of the research under FUSE OR GRACA is student development. The purpose is not to provide service or research benefit to UNO. UNO does not require participation in the program as a graduation requirement. The amount of the award has not been reported on Form W-2 or Form 1099.

You should make the determination whether the award is taxable based upon your individual facts and accounting for all the scholarships, fellowships or grants that you may have received. To the extent that you determine that a portion or all of the funds are not subject to tax, you should retain receipt, cancelled checks and other documents that could show the total amount of your qualifying expenses.

Because this letter only introduces you to the possible consequences of scholarship, fellowship, or grant amounts, and tax liability depends on each individual's circumstances, you should contact your personal tax advisor with any questions or concerns. You may also find the [IRS Publication No. 970](#), Tax Benefits for Education, helpful with regard to the tax treatment of the fellowship you received.

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