INFORMATION REGARDING THE TAXABILITY OF GRANTS AND SCHOLARSHIPS

FOR U.S. CITIZENS AND PERMANENT RESIDENTS

If you received grant and scholarship aid that exceeds the cost of tuition, fees, and required books, supplies and equipment for the calendar year 2014, you may have taxable financial aid that needs to be included on your U.S. income tax return. Similarly, educational grants or scholarships specifically designated for cost other than those mentioned above are taxable. You may also need to include these amounts on your state tax return.

Please use the following guidelines to review your individual responsibility with regard to the taxability of your grant and scholarship assistance:

- You first apply any general scholarship or grant aid received during a calendar year to the excludable expenses, i.e., tuition, fees, required books, supplies and equipment. This is true even if you paid this expense initially through other means such as student loan or a direct payment.
- Any grant or scholarship that is specifically designated for an expense other than tuition, fees, or books, is considered taxable, e.g., Health Plan Aid Credit, room or board credit.
- Other forms of aid such as loans and student employment are not included in these provisions. However, earnings from student employment are taxable as wages as is any stipend you receive. You will receive a W-2 form for any wages and a 1099 for any stipend you have earned at Bowdoin.
- Your 1098-T does not provide enough information to determine if your grants and scholarships are taxable.
- Use the worksheet provided to help you determine the amount of taxable grant and scholarship aid you received in 2014. Remember to use the calendar year, not the academic year to determine your tax liability. In some cases, your tax liability may involve amounts received in two academic years. You may find your Bowdoin, federal, and state aid for these periods using your MyAid portal. Once logged in, select the year you wish to use, go to the Awards tab and view the appropriate semester’s aid.
Once you determine you have a tax liability:

- Add the taxable amount to your U.S. tax return on the line for “wages, salaries, and tips”.
- Include the annotation “SCH $X” (where “X” is the amount of the scholarship(s)) on the line to the left of the entry you have made. See example:

If you have questions about this topic, review the IRS Publication 970, visit the IRS website at [www.irs.gov](http://www.irs.gov) or call the IRS at 1-800-829-1040.