

University of Rhode Island

Tax Reporting of Fellowship Income *For non-employee research fellows and students*

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*This document is produced for **informational purposes only**, and should not be considered tax, financial or legal advice. Please consult your own tax or financial advisor with any questions.*

What is a fellowship?

A fellowship is any amount paid, or for the benefit of, an individual to aid such individual in the pursuit of study or research.

A fellowship may take the form of:

- payment(s) to the recipient, such as stipend payments
- reimbursement or payment of expenses, such as travel expenses, to or on behalf of an individual
- a credit against an existing term bill or a reduction in the amount owed by the recipient to an educational organization in connection with the pursuit of study or research.

Are fellowships treated as taxable income?

Please refer to IRS Publication 970: Tax Benefits for Education and IRS Publication 17: Your Federal Income Tax US Internal Revenue Service (IRS) Tax Topic 421: Scholarship and Fellowship Grants

Tax-Free Fellowships (scholarships)

A fellowship is tax free only if:

- You are a candidate for a degree at an eligible educational institution,
- You use the scholarship or fellowship to pay qualified education expense, and
- It does not represent payment for teaching, research, or other services required as a condition for receiving the scholarship.

If the student is a degree candidate, fellowship amount must be applied directly to the URI e-Campus Student Account for tuition and REQUIRED course-related expenses (e.g., fees, books, supplies, and equipment) are not taxable. The amount will be reported to the IRS on form 1098T. You should keep receipts for these expenses as part of your tax records.

Taxable Fellowships

Fellowship stipends payments for past, present or future services will be paid through URI Internal Payroll and is taxable income reportable to the IRS on form W-2. Department should complete Fellowship/Stipends / Participant Support Payment Characterization Checklist to determine status of payment.

Fellowship stipend payments used to pay living expenses, health insurance, travel reimbursements, research allotments, relocation expenses and similar uses, are considered nonqualified scholarships and constitute taxable income and are reported to the IRS on form 1099.

Exception: Fellow requests reimbursement on URI Travel Expense Voucher (TEV) which is submitted with appropriate documentation, then the reimbursement will not be tax reportable. RI Sea Grant Knauss Marine Fellowship – per-diem for temporary living cost in Washington DC, which is less than a year, fellow is not a resident of Washington DC and requires fellow to be away from home to perform services as fellow if field on TEV, then will not be tax reportable.

Fellowship payments to non-degree candidates are taxable.

Non resident aliens, departments need to contact URI Payroll Office [Foreign National Compliance Office](#). If you are a nonresident alien for U. S. tax purposes, then you will receive a Form 1042-S reporting any taxable fellowship amounts for each calendar year.

Are there IRS publications, which can help me to prepare my personal income tax return, showing fellowship income?

In preparing your personal income tax return, please consult with your own tax advisor, because University is not authorized to provide individual tax advice. You may, however, find it helpful to read the IRS publication relevant to your personal situation:

- If you are a U. S. citizen or resident for tax purposes, who received fellowship amounts for studying, teaching or researching in the U. S., then [see IRS Publication 970](#), Tax Benefits for Education.
- If you are a nonresident alien for U. S. tax purposes, who received fellowship amounts for studying, teaching or researching in the U. S., then see [IRS Publication 519](#), U. S. Tax Guide for Aliens.
- Federal income tax forms and publications can be downloaded from the [IRS web site](#).
- US Internal Revenue Service (IRS) Tax Topic 421: Scholarship and Fellowship Grants