

Wheaton m e m o

Wheaton College Norton, Massachusetts 02766-2322

TO: Students receiving scholarships, fellowships, or grants through Wheaton
FROM: Accounting Services
SUBJECT: General treatment of scholarships, fellowships, or grants for tax purposes

According to our records, you are the recipient of a scholarship, fellowship, or grant through Wheaton College. Wheaton College is not required to withhold income tax or file any information returns with respect to taxable scholarships, fellowships or grants. Thus, even though you may receive taxable scholarship, fellowship or grant income, the college is not required to withhold any tax or file any reports with the IRS. However, we feel it is our responsibility and in your best interest to explain the general treatment of these amounts for tax purposes.

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

You should make the determination regarding whether a given scholarship, fellowship, or grant 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 receipts, cancelled checks, and other documents that could show the total amount of your qualifying expenses.

Please note that this letter is intended to introduce you to the possible consequences of scholarship, fellowship, or grant amounts and that we cannot offer any personal tax advice. Since individual tax liability depends on each individual's circumstances, you should contact your personal tax advisor with any questions or concerns. If you have any questions or concerns regarding this memo you may call 508-286-8208 or send an e-mail to finance@wheatoncollege.edu. Thank you.