



Dear Student Recipient of Scholarships or Fellowships:

According to our records, you are the recipient of a scholarship or fellowship awarded through William & Mary. The term “scholarship or fellowship” includes grant, honoraria, award, internship, waivers, and other forms of “gift aid,” which typically do not need to be re-paid. We feel it is our responsibility and in your best interest to explain to you the general treatment of these amounts for tax purposes.

Generally, under the tax laws, you should not have to pay taxes on a scholarship or fellowship to the extent you use the funds for tuition, fees, books, and equipment required for classes or enrollment. In other words, to what extent you use the funds for these types of expenses, the scholarship or fellowship award will determine how much should be excluded from your income for tax purposes.

However, any portion of a scholarship or fellowship award 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 a scholarship or fellowship award spent on items such as travel, research and medical insurance. For more information on the tax treatment of scholarships and fellowships, see [IRS Publication 970 \(Tax Benefits for Education\)](#), which can be found on the IRS website at <http://www.irs.gov/formspubs/index.html>.

You should make the determination regarding whether a scholarship or fellowship is taxable based upon your individual facts and accounting for all the scholarships or fellowships that you may have received. To the extent that you determine that a portion of 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 only to introduce you to the possible consequences of scholarship or fellowship amounts. Since individual tax liability depends on each individual’s circumstances, you should contract your personal tax advisor with any questions or concerns.

Very Truly Yours,

Melanie O’Dell
AVP Financial Operations, University Controller