

IRS Topic No. 421

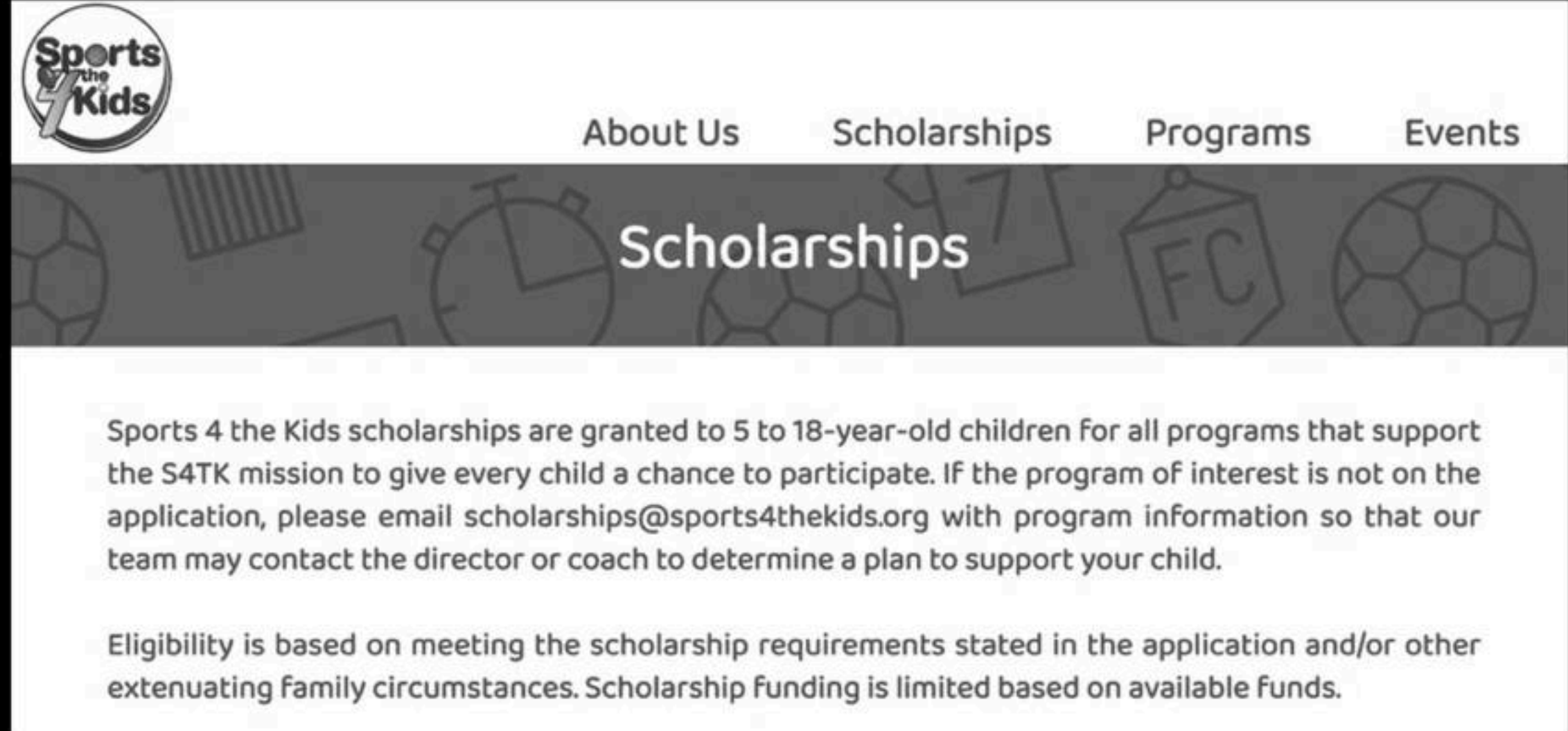
The IRS is the only organization with jurisdiction to enforce and define a **Scholarship** as **non-taxable income** so long as the **amount received is used to enroll in an educational institution or for necessary supplies for a course at the educational institution**. In other words, the government states they may NOT tax our income if it is used to further our education- they may stay out of our pockets! What this means is that any other use of **income**, such as for a drug or rehab program, or an after school sport or activity is a misrepresentation of the terminology- so **STOP** using this term as you're confusing the consumer.



SCHOLARSHIPS
for Alcohol and Drug Rehab

"A scholarship may be the quickest and most direct way to get into a program and seek the treatment you need to overcome your addiction..."

ALL TREATMENT



Sports 4 the Kids

About Us Scholarships Programs Events

Scholarships

Sports 4 the Kids scholarships are granted to 5 to 18-year-old children for all programs that support the S4TK mission to give every child a chance to participate. If the program of interest is not on the application, please email scholarships@sports4thekids.org with program information so that our team may contact the director or coach to determine a plan to support your child.

Eligibility is based on meeting the scholarship requirements stated in the application and/or other extenuating family circumstances. Scholarship funding is limited based on available funds.

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Topic No. 421 Scholarships, Fellowship Grants, and Other Grants | Internal Revenue Service



Topic No. 421 Scholarships, Fellowship Grants, and Other Grants

A scholarship is generally an amount paid or allowed to a student at an educational institution for the purpose of study. A fellowship grant is generally an amount paid or allowed to an individual for the purpose of study or research. Other types of grants include need-based grants (such as Pell Grants) and [Fulbright grants](#).

Tax-Free

If you receive a scholarship, a fellowship grant, or other grant, all or part of the amounts you receive may be tax-free. Scholarships, fellowship grants, and other grants are tax-free if you meet the following conditions:

- You're a candidate for a degree at an educational institution that maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance at the place where it carries on its educational activities; and
- The amounts you receive are used to pay for tuition and fees required for enrollment or attendance at the educational institution, or for fees, books, supplies, and equipment required for courses at the educational institution.

Taxable

You must include in gross income:

- Amounts used for incidental expenses, such as room and board, travel, and optional equipment.
- Amounts received as payments for teaching, research, or other services required as a condition for receiving the scholarship or fellowship grant. However, you don't need to include in gross income any amounts you receive for services that are required by the National Health Service Corps Scholarship Program, the Armed Forces Health Professions Scholarship and Financial Assistance Program, or a comprehensive student work-learning-service program (as defined in section 448(e) of the Higher Education Act of 1965) operated by a work college.

How to Report

Generally, you report any portion of a scholarship, a fellowship grant, or other grant that you must include in gross income as follows:

- If filing [Form 1040](#) or [Form 1040-SR](#), include the taxable portion in the total amount reported on the "Wages, salaries, tips" line of your tax return. If the taxable amount wasn't reported on Form W-2, enter "SCH" along

Is a scholarship an actual 'thing?'

No it is not.

A scholarship shall be understood as a tax-free system. It *has been* a system of transferring money to another person in order to receive a tax-deduction for the contribution and avoid taxation when that person receives that money. It has been a system designed for those with financial wealth to provide a **'funded pool of money'** for their intended beneficiaries while avoiding taxation.

Should we say Scholarship Money or Scholarship Funds?

From the funded pool of money a beneficiary must use the money for the purpose of education to avoid taxation. The appropriate terminology to use shall **ONLY** be **Scholarship Funds** for the reason it describes the intended use of the funded pool of money.