

Dear Trainee/Fellow,

Your stipend is a payment made under a fellowship or training grant in accordance with pre-established levels to provide for your living expenses during your period of training. Stipends do not require that employee services be performed in exchange. As such, Kirschstein-NRSA stipends are not considered salaries. In addition, recipients of Kirschstein-NRSA individual fellowships are not considered to be in an employee-employer relationship with NIH or with OUHSC solely as a result of the Kirschstein-NRSA award.

Around the beginning of February OUHSC will send you a statement that reports total stipend payments made during the previous calendar year. The University will not issue a 1099 on the stipend income. Any scholarship payments, qualified tuition and related expenses are reported on a 1098-T issued by the Office of the Bursar. The definition of qualified tuition and related expenses on the 1098-T is different from the definition of qualified education expenses to determine tax-exempt income for fellowship and scholarship recipients.

It is important to familiarize yourself with the tax laws to determine the tax liability of your fellowship stipend and whether you are entitled to deduct any expenses in connection with your fellowship. You'll want to refer to IRS Publication 970, Tax Benefits for Education, for detail regarding qualified educational expenses that may be excluded from taxable gross income (<https://www.irs.gov/publications/p970/>).

Fellows receiving stipends should file a declaration of estimated tax (IRS Form 1040-ES) and pay quarterly installments of the tax on the payments (and any other taxable income). Failure to file the declaration may subject you to interest on any under-payment of tax when you file your income tax return. It also may in your best interest to consult with a professional tax advisor with any questions or during the preparation of your income tax return.