



Students Won't be Taxed on Emergency Pandemic Aid, IRS Says

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by Laura Davison**

Students who received emergency financial aid grants related to the coronavirus pandemic won't owe taxes on that money, according to the Internal Revenue Service.

Students also do not have to reduce the total of their tuition and related expenses by the amount of an emergency financial aid grant, which is important because that total could qualify for tax breaks. Students who used some or all of the grants to pay for qualified tuition and related expenses before the end of 2020 may be eligible to claim a tuition and fees deduction, the American Opportunity Credit or Lifetime Learning Credit, on their 2020 taxes.

Colleges and universities will also not be required to send additional tax forms to the students or to the IRS to report these grants since the funds won't be included in taxable income, the IRS said.

However, schools will need to include any grant amounts that students can use to qualify for tax deductions or credits on the tuition statement tax forms they send to students, the agency said.