Guideline: Tax and scholarships – quick reference guide

Purpose
To provide a guideline for tax and scholarships.

Guideline
Scholarships are exempt from tax where the following conditions are met: (Item 2.1A in the table in section 51–10 of the ITAA 1997)

- they are made to a full-time student at a school, college or university;
- they are made by way of scholarship, bursary, educational allowance or educational assistance ie; the selection of recipients based on merit or some other rational criterion; or the education of the recipient is at least one purpose for which the scholarship is provided.
- not a Commonwealth education or training payment
- not a payment on the condition that the student will (or will if required) become, or continue to be, an employee of the payer
- not a payment on the condition that the student will (or will if required) enter into, or continue to be a party to, a contract with the payer that is for the labour of the student
- the payment is provided principally for educational purposes.

1. Scholarships can be intended to cover a range of things including living expenses, travel costs associated with study, study fees etc. The tax treatment of the scholarship payment will always depend upon whether the above criteria are satisfied.

2. If the payment is a tax exempt scholarship, then business areas have a choice as to whether to process the payment through ESP Finance (Accounts Payable) or ESP HR (paycode 178). If the payment is not a tax exempt scholarship, then business areas must process through ESP HR (paycode 179). The following form must accompany all requests for payment through ESP Finance or ESP HR: http://info.anu.edu.au/Policies/_DHR/Forms/HR023.asp