Q1: I am a student who received an emergency financial aid grant under section 3504, 18004, or 18008 of the CARES Act for unexpected expenses, unmet financial need, or expenses related to the disruption of campus operations on account of the COVID-19 pandemic. Is this grant includible in my gross income?

A1: No. Emergency financial aid grants under the CARES Act for unexpected expenses, unmet financial need, or expenses related to the disruption of campus operations on account of the COVID-19 pandemic, such as unexpected expenses for food, housing, course materials, technology, health care, or childcare, are qualified disaster relief payments under section 139 of the Internal Revenue Code. This grant is not includible in your gross income.

Q2: I received an emergency financial aid grant under the CARES Act and used some of it to pay for course materials that are now required for online learning because my college or university campus is closed. Can I claim a tuition and fees deduction for the cost of these materials, or treat the cost of these materials as a qualifying education expense for purposes of claiming the American Opportunity Credit or the Lifetime Learning Credit?

A2: No. Because the emergency financial aid grant is not includible in your gross income, you cannot claim any deduction or credit for expenses paid with the grant including the tuition and fees deduction, the American Opportunity Credit, or the Lifetime Learning Credit. See section 139(h) of the Internal Revenue Code.

Q3: Do higher education institutions have any information reporting requirements under section 6050S for emergency financial aid grants awarded to students under section 3504, 18004, or 18008 of the CARES Act?

A3: No. The emergency financial aid grants are qualified disaster relief payments, as described in A1 above, and are not included in students' gross income. As noted in A2 above, students may not claim deductions or credits for these amounts. The reporting of these grants to the IRS on Forms 1098-T could result in the issuance of underreporter notices (Letters CP2000) to students and furnishing such Forms 1098-T to students could cause confusion. Thus, the IRS will not require that these grants be reported pursuant to section 6050S of the Internal Revenue Code on Form 1098-T.