



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

OFFICE OF
CHIEF COUNSEL

February 14, 2005

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CC:ITA:B04:SAIskow
CONEX-101958-05

State Representative

Dear :

I am responding to your request dated December 22, 2004. You asked whether "re-classifying" a tuition voucher as a tax refund would increase an individual's federal taxable income.

Based on the limited information you provided, I can only give you general information, not a definitive answer. However, it appears that the Internal Revenue Service would not treat a tuition voucher as a tax refund solely because the Colorado Legislature reclassified it as such. By definition, a tax refund is generally understood to mean a refund of tax paid by the recipient. Merely calling a tuition voucher a tax refund should not affect the recipient's federal income tax liability.

Gross income does not include any amount received as a qualified scholarship by an individual who is a candidate for a degree at an educational organization described in § 170(b)(1)(A)(ii) of the Internal Revenue Code. A qualified scholarship is any amount an individual receives as a scholarship or fellowship grant and used for qualified tuition and related expenses. Qualified tuition and related expenses are tuition and fees required for the enrollment or attendance of a student at an educational organization (described in § 170(b)(1)(A)(ii) of the Internal Revenue Code). I am enclosing relevant pages from Publication 970, *Tax Benefits for Education*, which contains information on scholarships.

The question of whether the tuition vouchers are qualified scholarships is beyond the scope of this letter, which is for informational purposes only and does not constitute a ruling. See section 2.04 of Rev. Proc. 2005-1, 2005-1 I.R.B. 1. The IRS will consider a request for a private letter ruling after the taxpayer meets all the requirements of section 7 of the revenue procedure. You can access Rev. Proc. 2005-1 at www.irs.gov/irb/2005-01

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I hope this information is helpful. If you have any further questions, please contact
, Identification Number , at .

Sincerely,

Robert A. Berkovsky
Branch Chief
Office of Associate Chief Counsel
(Income Tax & Accounting)

Enclosure