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Scholarships and Fellowships



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Important Reminders

Estimated tax. You may have to pay estimated tax if the grantor of a scholarship or fellowship does not withhold tax or withholds insufficient tax on the taxable part of your scholarship or fellowship grant. For more information, see *Estimated Tax*, later.

Dependent student. If you can be claimed as a dependent on another person's return, the following special rules apply.

- 1) You cannot claim an exemption for yourself on your tax return.
- 2) Your standard deduction is generally limited.

For more information, see Publication 501, *Exemptions, Standard Deduction, and Filing Information*.

Individual retirement arrangements (IRAs). You can set up and make contributions to an IRA if you received taxable compensation. Under this rule, a taxable scholarship or fellowship is compensation only if it is shown in box 1 of Form W-2, *Wage and Tax Statement*. For more information about IRAs, see Publication 590, *Individual Retirement Arrangements (IRAs)*.

Introduction

This publication covers the rules for scholarships, fellowships, and tuition reductions. These amounts are tax free if they meet the rules discussed in this publication.

This publication also discusses the estimated tax rules and some of the special rules that apply to U.S. citizens and resident aliens who are studying, teaching, or researching abroad under scholarships and fellowships.

This publication does **not** discuss certain items that are covered in other publications. These include:

- Student loans that were canceled or forgiven. See Publication 525, *Taxable and Nontaxable Income*.
- Scholarships and fellowships paid to nonresident aliens. See Publication 519, *U.S. Tax Guide for Aliens*.

Useful Items

You may want to see:

Publication

- 54** Tax Guide for U.S. Citizens and Resident Aliens Abroad
- 501** Exemptions, Standard Deduction, and Filing Information
- 505** Tax Withholding and Estimated Tax
- 508** Educational Expenses
- 514** Foreign Tax Credit for Individuals
- 525** Taxable and Nontaxable Income
- 901** U.S. Tax Treaties

Form (and Instructions)

- 1040** U.S. Individual Income Tax Return
- 1040A** U.S. Individual Income Tax Return
- 1040EZ** Income Tax Return for Single and Joint Filers With No Dependents

See *How To Get More Information* near the end of this publication for information about getting these publications and forms.

Scholarships and Fellowships

This part explains whether your scholarship or fellowship is tax free.

A **scholarship** is generally an amount paid for the benefit of a student at an educational institution to aid in the pursuit of studies. The student may be either an undergraduate or graduate.

A **fellowship** is generally an amount paid for the benefit of an individual to aid in the pursuit of study or research.

Tax-Free Scholarships and Fellowships

A scholarship or fellowship is tax free only if:

- 1) You are a **candidate for a degree at an educational institution**, and
- 2) The grant is a **qualified scholarship or fellowship**.

Candidate for a degree. The term "candidate for a degree" means a student (full or part-time) who:

- 1) Attends a primary or secondary school or is pursuing a degree at a college or university, or
- 2) Attends an accredited **educational institution** that is authorized to provide:
 - a) A program that is acceptable for full credit toward a bachelor's or higher degree, or
 - b) A program of training to prepare students for gainful employment in a recognized occupation.

Table 1. Tax Treatment of Scholarship and Fellowship Payments

Payment for	Degree candidate	Not a degree candidate
Tuition	Tax free	Taxable
Fees	Tax free*	Taxable
Books	Tax free*	Taxable
Supplies	Tax free*	Taxable
Equipment	Tax free*	Taxable
Room	Taxable	Taxable
Board	Taxable	Taxable
Travel	Taxable	Taxable
Teaching	Taxable	Taxable
Research services	Taxable	Taxable
Other services	Taxable	Taxable

* If required of all students in the course

Educational institution. An educational institution maintains a regular faculty and curriculum and has a regularly enrolled body of students in attendance at the place where it carries on its educational activities.

Qualified scholarship or fellowship. A qualified scholarship or fellowship is any amount you receive as a scholarship or fellowship grant that is used under the terms of the grant for:

- Tuition and fees paid to enroll in, or to attend, an educational institution, or
- Fees, books, supplies, and equipment that are required for the courses at the educational institution. These items must be required of **all** students in your course of instruction.

Your scholarship or fellowship grant can still qualify as tax free even if the terms do not provide that it be used only for tuition and course-related expenses. It will qualify if you use the grant proceeds for tuition and course-related expenses. However, if the terms of the grant require its use for other purposes, such as room and board, or specify that the grant cannot be used for tuition or course-related expenses, the amounts received under the grant are not tax free.

TIP You can use Table 2 to figure the tax-free and taxable parts of your scholarship or fellowship.

Athletic scholarships. Athletic scholarships are tax free if they meet the requirements discussed above.

Fulbright grants. A Fulbright grant is generally treated as any other scholarship or fellowship in figuring how much of the grant is tax free. If you receive a Fulbright grant for lecturing or teaching, it is payment for services and is taxable. A special rule applies if the grant was paid in nonconvertible foreign currency. See *Payment of Tax by Fulbright Grantees under Individuals Abroad*, later.

A Fulbright grant is a grant under the Mutual Educational and Cultural Exchange Act of 1961, known as the Fulbright-Hays Act. If you receive a supplemental grant under the

U.S. Information and Educational Exchange Act of 1948 (Smith-Mundt Act) for study, research, or teaching abroad, it is treated like a Fulbright grant.

Pell Grants, Supplemental Educational Opportunity Grants, and Grants to States for State Student Incentives. These grants are tax free if they are used for qualifying tuition and course-related expenses during the grant period.

Veterans' benefits. Payments you receive for education, training, or subsistence under any law administered by the Department of Veterans Affairs (VA) are tax free. But you may have to reduce your deduction for educational expenses by the amount of these tax-free payments. For more information, see Publication 508.

Deductible educational expenses. If your scholarship or fellowship grant is tax free, you must reduce your deductible educational expenses by the amount of the grant you receive for those expenses. Your educational expenses, such as tuition, fees, books, and supplies, are ordinarily deductible if they are used to maintain or improve skills in your present work, or to retain your job or rate of pay. See Publication 508 for more information.

Taxable Scholarships and Fellowships

If your scholarship or fellowship does not meet the rules described earlier, it is taxable. The following are examples of amounts that are taxable.

Incidental expenses. An amount you receive for incidental expenses is not a tax-free qualified scholarship. Incidental expenses are expenses for items that are not required for either enrollment or attendance at an educational institution, or in a course of instruction at the educational institution. Incidental expenses include:

- Room and board,
- Travel,
- Research,

Table 2. **Scholarship and Fellowship Income Worksheet**

1. Enter your scholarship or fellowship income	_____
• If you are a degree candidate, go to line 2.	
• If you are not a degree candidate, stop here . The entire amount is taxable. See <i>Reporting Scholarships and Fellowships</i> for how to report this amount on your tax return.	
2. Enter the amount from line 1 that was for teaching, research, or any other services	_____
3. Subtract line 2 from line 1	_____
4. Enter the amount from line 1 (except any amount entered on line 2) used for tuition and course-related fees, books, supplies, and equipment required for study at an educational institution . . .	_____
5. Subtract line 4 from line 3	_____
6. Taxable part. Add line 2 and line 5. See <i>Reporting Scholarships and Fellowships</i> for how to report this amount on your tax return . .	_____

- Clerical help, and
- Equipment.

Example. You receive a scholarship from State University to enroll in a writing course. Suggested supplies for the writing course include a word processor. Amounts used for suggested supplies are not qualified scholarship expenses. You cannot include the cost of a word processor to determine the amount received as a qualified scholarship.

Payment for services. You must include in income the part of any scholarship, fellowship, or tuition reduction that represents payment for past, present, or future teaching, research, or other services. This applies even if all candidates for a degree must perform the services to receive the degree.

Example 1. You received a scholarship of \$2,500. As a condition for receiving the scholarship, you must serve as a part-time teaching assistant. Of the \$2,500 scholarship, \$1,000 represents payment for teaching. The grantor gives you a Form W-2 showing \$1,000 as income. You used all the money for tuition and course-related expenses. Assuming that all other conditions are met, \$1,500 of your grant is tax-free. The \$1,000 you received for teaching is taxable.

Example 2. You are a candidate for a degree at a medical school. You receive a government grant for your medical education and training. The terms of the grant require you to perform a period of obligated service in a designated medically underserved area of the country following completion of your medical studies. A substantial penalty applies if you do not comply. The entire amount of your grant is taxable as payment for services in the year it is received.

TIP You can deduct ordinary and necessary business expenses if you itemize deductions on Schedule A (Form 1040). See Publication 529, Miscellaneous Deductions.

Payments to service academy cadets. An appointment to a United States military academy is not a scholarship or fellowship. Payment you receive as a cadet or midshipman at an armed services academy is pay for personal services. Include this pay in your income in the year you receive it.

Scholarship prizes. Cash scholarship prizes won in a contest are not scholarships if you do not have to use the prizes for educational purposes. These prizes are taxable regardless of how you use the money. A scholarship prize that you can use only when enrolled as a candidate for a degree at a college is a qualified scholarship.

Additional Information

If there is some doubt about the tax treatment of your grant, consult the grantor. The grantor may have received advice from the IRS about the appropriate tax treatment of the grant. You can also contact the District Director of Internal Revenue for the district in which you live. Be sure to ask for the information as soon as possible so that you can receive an answer in time to file your return. If you request this advice by mail, give a complete statement of all the facts.

Reporting Scholarships and Fellowships

If your only income is a completely tax-free scholarship or fellowship, you do not have to file a tax return and no reporting is necessary. If all or part of your scholarship or fellowship is taxable and you are required to file a tax return, report the taxable amount as explained next. You must report the taxable amount whether or not you received a Form W-2. If you receive an incorrect Form W-2, ask the payor for a corrected one.

Form 1040EZ. Include on line 1 the taxable amount not reported on Form W-2. Print "SCH" and the amount not reported to the right of the words "W-2 form(s)" on line 1.

Form 1040 or 1040A. Include the taxable amount not reported on Form W-2 on line 7. Print "SCH" and the amount not reported on the dotted line next to line 7 on Form 1040 or in the space to the left of line 7 on Form 1040A.

Schedule SE (Form 1040). Amounts you receive under a grant that represent pay for your services as an independent contractor are included in determining net earnings from self-employment. If your net earnings are \$400 or more, you will have to pay self-employment tax. Use Schedule SE to figure this tax.

Whether you are an independent contractor or employee depends on the facts in your situation. The general rule is that you are an independent contractor if the payer has the right to control or direct only the result of the work and not what will be done and how it will be done.

You are not an independent contractor if you perform services that can be controlled by an employer (what will be done and how it will be done). This applies even if you are given freedom of action. What matters is that the employer has the legal right to control the details of how the services are performed. If an employer-employee relationship exists (no matter what the relationship is called), you are not an independent contractor.

For more information in determining whether you are an independent contractor or an employee, get Publication 15-A, *Employer's Supplemental Tax Guide*.

When To File

The due date for filing your return is April 15. If April 15 falls on a Saturday, Sunday, or legal holiday, the due date is the next business day.

Federal tax returns are filed on time if they bear an official postmark dated by midnight of the due date or extended due date. If they are not postmarked by the due date or extended due date, they are filed when they are received by the IRS.

See your tax form instructions for names of designated private delivery services that you can use to meet the timely filing and payment rules.

Extensions of time to file. There are several exceptions to the filing deadline.

Automatic 4-month extension. You can get an automatic 4-month extension of time to file your tax return by filing Form 4868, *Application for Automatic Extension of Time To File U.S. Individual Income Tax Return*. This 4-month extension is not in addition to the automatic extension until June 15, discussed next. You must file Form 4868 by the due date for filing your return, including the automatic extension until June 15, if applicable. In filling out Form 4868, you must make an accurate estimate of your tax for the year. If you find you cannot pay the full amount due with Form 4868, you can still get the extension, but you will be charged interest from the original due date to the date the tax is paid. For additional information, get Form 4868.

Enter any payment you made with the application for extension form on Form 1040, Form 1040A, or 1040EZ. You cannot choose to have the IRS figure your tax if you use the extension of time to file.

Automatic extension until June 15. If you are a U.S. citizen or resident, you may qualify for an automatic extension of time until June 15 to file your return and pay any tax due if you meet one of the following conditions on the regular due date of your return.

- You are living outside of the United States and Puerto Rico, and your main place of business or post of duty is outside the United States and Puerto Rico.
- You are in military service on duty outside the United States and Puerto Rico on the due date of the return.

You must attach a statement to your return explaining that you meet one of the above conditions. You must pay interest on

any unpaid tax from the regular due date up to the date you pay the tax.

If you and your spouse file a joint return, only one of you needs to meet a condition on April 15 to qualify for the automatic extension to June 15. If you and your spouse file separate returns, only the spouse who met a condition on April 15 qualifies for the automatic extension.

Where To File

If you are living in the United States, send your return to the appropriate Internal Revenue Service Center address listed in the instructions to your federal tax return.

If you are studying or teaching abroad under a grant, send your return to the Internal Revenue Service Center, Philadelphia, PA 19255 U.S.A.

Qualified Tuition Reduction

A qualified tuition reduction is tax free. It is a reduction in tuition that meets the following rules. Separate rules apply to education below the graduate level and education at the graduate level.

Education below the graduate level. A tuition reduction for education below the graduate level is tax free if the reduction is provided by an educational institution to its employees for their education or the education of any person treated as an employee. It must not represent a payment for services. Under this rule, only the following are treated as employees.

- 1) A current employee,
- 2) A former employee who retired or left on disability,
- 3) A widow or widower of an individual who died while an employee,
- 4) A widow or widower of a former employee who retired or left on disability, or
- 5) A dependent child or spouse of any person listed in (1) through (4), above.

Child of deceased or divorced parents.

If both parents have died, and if one of the parents qualified as an employee under (1) through (4) above, their child, if under age 25, can qualify to exclude a tuition reduction from income.

A dependent child of divorced parents is treated as the dependent of both parents.

Officers, owners, and highly compensated employees. Qualified tuition reductions apply to officers, owners, or highly compensated employees if benefits are available to employees on a nondiscriminatory basis. This means that the tuition reduction benefits must be available on substantially the same basis to each member of a group of employees, defined under a reasonable classification set up by the employer. It must not discriminate in favor of owners, officers, or highly compensated employees.

Graduate education. A tuition reduction for graduate education is tax free if the reduction is provided by an educational institution to a graduate student who performs teaching or

research activities for that institution. The qualified tuition reduction must be for education furnished by that institution, and not represent payment for services. The term *an educational institution* is defined earlier under *Tax-Free Scholarships and Fellowships*.

Individuals Abroad

For the most part, U.S. scholars and teachers abroad are taxed like those living in the United States. You determine the tax treatment of a scholarship or fellowship under the rules discussed earlier. A payment for services, such as teaching or lecturing, is taxable. This includes cash paid to you for transportation expenses and the value of transportation provided by the grantor.

If your scholarship or fellowship is taxable, special rules apply to :

- Reporting income,
- Deducting expenses,
- Paying U.S. income tax, and
- Paying foreign taxes.

Reporting Income

You must report all income on a U.S. federal income tax return in U.S. dollars. If part or all of your income is in foreign currency, you must report this income in U.S. dollars at the rates of exchange in effect when you received the income. You should use the rate that most nearly reflects the value of the foreign currency—the official rate, the open market rate, or any other appropriate rate. You must be able to justify the rate you use.



A special rule applies if the income is paid in nonconvertible foreign currency. See Blocked Income, later.

Foreign Earned Income Exclusion

You may be able to exclude foreign earned income from your gross income if your tax home is in a foreign country and you are:

- A U.S. citizen and a bona fide resident of a foreign country or countries for an uninterrupted period that includes an entire tax year,
- A U.S. resident alien who is a citizen or national of a country with which the United States has an income tax treaty in effect and who is a bona fide resident of a foreign country or countries for an uninterrupted period that includes an entire tax year, or
- A U.S. citizen or a U.S. resident alien and are physically present in a foreign country or countries for at least 330 full days in 12 consecutive months.

In addition, you may qualify to exclude or deduct a foreign housing amount.

Tax home. Your tax home is the general area of your main place of business, employment, or post of duty, regardless of where you maintain your family home. Your tax home is the place where you permanently or indefinitely work. You are not considered to have a tax home in a foreign country for any period in which your abode is in the United States. Your abode can be your home,

habitation, residence, domicile, or place of dwelling. If your tax home remains in the United States while you are abroad, you will not qualify for the foreign earned income or housing exclusions or the foreign housing deduction. But you may be able to deduct your away-from-home expenses (for travel, meals, and lodging). See *Deducting Expenses*, later.

More information. For more information on tax home, the foreign earned income exclusion, and the foreign housing exclusion and deduction, see Publication 54.

Blocked Income

There may be cases in which a scholarship or fellowship grant is made in a foreign currency that is not convertible into U.S. dollars or into other money or property that is convertible into U.S. dollars because of:

- Restrictions imposed by the foreign country,
- An agreement with the United States, or
- The terms and conditions of the U.S. Government grant.

This nonconvertible income is commonly called blocked or deferrable income.

How to report. There are two ways to report blocked income:

- 1) Report the income and pay your federal income tax with U.S. dollars that you have in the United States or in some other country, or
- 2) Defer reporting the income until it becomes unblocked. Any expenses related to the income must also be deferred.

Defer reporting. If you choose to defer reporting the income, you must file with your federal income tax return an information return on a separate Form 1040 labeled "Report of Deferrable Foreign Income, pursuant to Rev. Rul. 74-351." You must declare on the information return that you will include the blocked income in your gross income when it becomes unblocked. You also must state that you give up any right to claim that any part of the blocked income was includable in income for any earlier year.

All amounts reported on the information return must be reported in the foreign currency involved. If you have blocked income from more than one foreign country, include a separate information return for each country.

Your choice to defer reporting income cannot be changed without the consent of the IRS. Use Form 3115, *Application for Change in Accounting Method*, to request a change.

Income becomes unblocked and reportable for tax purposes when any of the following happen.

- 1) It becomes convertible.
- 2) It is converted into dollars or into other money or property that is convertible into U.S. dollars.
- 3) You use blocked income for your non-deductible personal expenses.
- 4) You dispose of it by gift, bequest, or devise.

Deducting Expenses

If your grant for lecturing or teaching abroad is wholly taxable, you can deduct your ordinary and necessary business expenses. Ordinary and necessary business expenses include your away-from-home expenses (travel, meals, and lodging) if you are temporarily away from your tax home in the United States. Your expenses do not include the expenses of anyone accompanying you. Generally, you are considered to be temporarily away from your tax home if you expect your stay abroad to last, and it does last, for one year or less. For details about these expenses, including whether your stay is temporary, see Publication 463, *Travel, Entertainment, Gift, and Car Expenses*.

Payment of Foreign Taxes

The United States has income tax treaties with certain countries. Under these treaties, the citizens and residents of the United States are exempt from foreign income taxes on certain amounts received while they are temporarily in a treaty country. The kinds of income that may be exempt by treaties include:

- Certain pay for personal services performed by a U.S. citizen or resident temporarily present in a treaty country,
- Wages of U.S. professors, teachers, and researchers who teach or do research in a treaty country, and
- Certain remittances, grants, allowances, and awards received by U.S. students, apprentices, and trainees who are studying in a treaty country.

For more information on these tax treaty provisions, get Publication 901. Although Publication 901 is written for foreign nationals receiving income from U.S. sources, treaty provisions are generally reciprocal, applying equally to U.S. citizens or residents deriving income from foreign sources.

Payment of U.S. Income Tax

You must pay any income tax due with U.S. dollars. This rule may not apply to the tax on a Fulbright grant that was paid in nonconvertible foreign currency, as explained later.

Credit or deduction for foreign taxes paid.

If income taxes are imposed on you by a foreign country, you may be entitled to take either a tax credit or a tax deduction on your U.S. income tax return. Usually, it is to your advantage to claim the credit, which you subtract directly from your U.S. tax liability. Get Publication 514.

Payment of Tax by Fulbright Grantees

As explained earlier, all income must be reported in U.S. dollars. In most cases, the tax must also be paid in U.S. dollars. If, however, at least 70% of your entire Fulbright grant has been paid in nonconvertible foreign currency (blocked income), you can use that currency to pay the U.S. tax, but only the part that is on the blocked income.

Table 3. Formula To Determine Estimated Tax That May Be Paid in a Nonconvertible Foreign Currency

$\frac{\text{Adjusted gross income that is blocked income}^*}{\text{Total adjusted gross income}^*} \times \text{Total estimated U.S. tax} = \text{Estimated tax on blocked income}$
--

* Estimated amounts

Paying U.S. tax in foreign currency. To qualify for this method of payment, you must prepare a statement that shows the following information.

- 1) You were a Fulbright grantee and were paid in nonconvertible foreign currency.
- 2) The total grant you received during the year and the amount you received in nonconvertible foreign currency.
- 3) At least 70% of the grant was paid in nonconvertible foreign currency.

The statement must be certified by the U.S. educational foundation or commission paying the grant or other person having control of grant payments to you.

You should prepare at least two copies of this statement. Attach one copy to your Form 1040 and keep the other copy for identification purposes when you make a tax deposit of nonconvertible foreign currency.

Figuring actual tax. When you prepare your income tax return, you may owe tax or the entire liability may have been satisfied with your estimated tax payments. If you owe tax, figure the part due to (and payable in) the nonconvertible foreign currency by using the formula in Table 3.

- 1) Substitute actual amounts for estimated amounts.
- 2) Subtract estimated tax payments from the part of your actual tax payable in nonconvertible foreign currency.

You must attach all of the following to the return.

- 1) A copy of the certified statement discussed earlier.
- 2) A detailed statement showing the allocation of tax attributable to amounts received in foreign currency and the rates of exchange used in determining your tax liability in U.S. dollars.
- 3) The original deposit receipt for any balance of tax due that you paid in nonconvertible foreign currency.

Figuring estimated tax on nonconvertible foreign currency. If you are liable for estimated tax (discussed later), figure the amount you can pay to IRS in nonconvertible foreign currency using the formula in Table 3.

If you must pay your host country income tax on your grant, subtract any estimated foreign tax credit that applies to your grant from the estimated tax on the blocked income.

Deposit of foreign currency with disbursing officer. Once you have determined the amount of the actual tax or estimated tax that you can pay in nonconvertible foreign cur-

rency, deposit that amount with the disbursing officer of the Department of State in the foreign country in which the foundation or commission paying the grant is located.

Estimated tax installments. You may either deposit the full estimated tax amount before the first installment due date or make four equal payments before the installment due dates. See *When to pay estimated tax*, later. If any of these dates falls on a Saturday, Sunday, or legal holiday, the due date is the following business day.

Deposit receipt. Upon accepting the foreign currency, the disbursing officer will give you a receipt in duplicate. The original of this receipt (showing the amount of foreign currency deposited and its equivalent in U.S. dollars) should be attached to your Form 1040 or payment voucher from 1040-ES. Keep the copy for your records. Mail the return or your payment voucher to the Internal Revenue Service Center, Philadelphia, PA 19255-0002, U.S.A. Allow enough time for the receipt to be received by the due date for your return or for the payment of estimated tax.

Estimated Tax

The grantor of a scholarship or fellowship does not withhold tax unless the grant represents payment for services. Grants representing payment for services are wages for withholding purposes. The grantor must report them on a Form W-2.

You may have to pay estimated tax if the grantor of a scholarship or fellowship does not withhold tax or withholds insufficient tax on the taxable part of your scholarship or fellowship grant.

Your estimated tax is the total of your expected tax for the year minus your expected withholding and credits.

Use Form 1040-ES, *Estimated Tax for Individuals*, to figure and pay estimated tax.

Who should make estimated tax payments? Generally, you must make estimated tax payments if you expect to owe at least \$1,000 in tax after subtracting your withholding and credits, and you expect your withholding and credits to be less than the smaller of:

- 1) 90% of the total tax for the year, or
- 2) 100% of the total tax shown on your preceding year's tax return. You must have filed a return for the preceding tax year that covers all 12 months.

When to pay estimated tax. For estimated tax purposes, the year is divided into four payment periods. The payment due dates are April 15, June 15, September 15, and January 15. If you have income subject to estimated

tax during the first payment period, you must make your first payment by the due date for the first payment period. You can pay all your estimated tax at that time, or you can pay it in four installments. If any of the due dates fall on a Saturday, Sunday, or legal holiday, the due date is the following business day.

Penalty. If you do not pay enough of your estimated tax in each payment period, you may have to pay a penalty. You will not have to pay a penalty if you had no tax liability last year and you were a U.S. citizen or resident for the whole year. For this rule to apply, your prior tax year must have been a tax year of 12 months.

For more information, see chapter 4 of Publication 505.

How To Get More Information



You can get help from the IRS in several ways.

Free publications and forms. To order free publications and forms, call 1-800-TAX - FORM (1-800-829-3676). You can also write to the IRS Forms Distribution Center nearest you. Check your income tax package for the address. Your local library or post office also may have the items you need.

For a list of free tax publications, order Publication 910, *Guide to Free Tax Services*. It also contains an index of tax topics and related publications and describes other free tax information services available from IRS, including tax education and assistance programs.

If you have access to a personal computer and modem, you can also get many forms and publications electronically. See *Quick and Easy Access to Tax Help and Forms* in your income tax package for details.

Tax questions. You can call the IRS with your tax questions. Check your income tax package or telephone book for the local number, or you can call 1-800-829-1040.

TTY/TDD equipment. If you have access to TTY/TDD equipment, you can call 1-800-829-4059 to ask tax questions or to order forms and publications. See your income tax package for the hours of operation.

Evaluating the quality of our telephone services. To ensure that IRS representatives give accurate, courteous, and professional answers, we evaluate the quality of our "800 number" telephone services in several ways.

- A second IRS representative sometimes monitors live telephone calls. That person only evaluates the IRS assistor and does not keep a record of any taxpayer's name or tax identification number.
- We sometimes record telephone calls to evaluate IRS assistors objectively. We hold these recordings no longer than one week and use them only to measure the quality of assistance.
- We value our customers' opinions. Throughout this year, we will be surveying our customers for their opinions on our service.

Help overseas. If you are overseas, you can get the forms and publications discussed earlier, as well as assistance in preparing the forms, at IRS offices in: Bonn, Germany; London, England; Mexico City, Mexico; Nassau, Bahamas; Paris, France; Rome, Italy; Santiago, Chile; Singapore; Sydney, Australia; and Tokyo, Japan. The offices generally are located in the U.S. Embassy or consulate in these cities.

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