

Income from scholarships. ITA67 s353; FA97 s11(1) and (2) 193.—(1) (a) In this section—

“relevant body” means a body corporate, unincorporated body, partnership, individual or other body;

“relevant scholarship” means a scholarship provision for which is made, either directly or indirectly, by a relevant body or a person connected with the relevant body and where payments are made, either directly or indirectly, in respect of such a scholarship to—

(i) an employee or, where the relevant body is a body corporate, a director of the relevant body, or

(ii) the spouse, family, dependants or servants of such employee or director;

“scholarship” includes an exhibition, bursary or other similar educational endowment.

(b) A person shall be regarded as connected with a relevant body for the purposes of this subsection if that person is—

(i) a trustee of a settlement, within the meaning of section 10, made by the relevant body, or

(ii) a relevant body,

and that person would be regarded as connected with the relevant body for the purposes of that section.

(2) Income arising from a scholarship held by a person receiving full-time instruction at a university, college, school or other educational establishment shall be exempt from income tax, and no account shall be taken of any such income in computing the amount of income for the purposes of the Income Tax Acts.

(3) Nothing in subsection (2) shall be construed as conferring on any person other than the person holding the scholarship in question any exemption from a charge to income tax.

(4) Notwithstanding subsection (3), a payment of income arising from a relevant scholarship which is—

(a) provided from a trust fund or under a scheme, and

(b) held by a person receiving full-time instruction at a university, college, school or other educational establishment,

shall be exempt from income tax if, in the year of assessment in which the payment is made, not more than 25 per cent of the total amount of the payments made from that fund, or under that scheme, in respect of scholarships held as mentioned in paragraph (b) is attributable to relevant scholarships.

(5) If any question arises whether any income is income arising from a scholarship held by a person receiving full-time instruction at a university, college, school or other educational establishment, the

Revenue Commissioners may consult the Minister for Education and Science.

(6) Where a payment is made before the 6th day of April, 1998, in respect of a scholarship awarded before the 26th day of March, 1997, this section shall apply subject to paragraph 2 of Schedule 32.