

**§ 73. Services of child****(a) Treatment of amounts received**

Amounts received in respect of the services of a child shall be included in his gross income and not in the gross income of the parent, even though such amounts are not received by the child.

**(b) Treatment of expenditures**

All expenditures by the parent or the child attributable to amounts which are includible in the gross income of the child (and not of the parent) solely by reason of subsection (a) shall be treated as paid or incurred by the child.

**(c) Parent defined**

For purposes of this section, the term “parent” includes an individual who is entitled to the services of a child by reason of having parental rights and duties in respect of the child.

**(d) Cross reference**

For assessment of tax against parent in certain cases, see section 6201(c).

(Aug. 16, 1954, ch. 736, 68A Stat. 24.)

**§ 74. Prizes and awards****(a) General rule**

Except as otherwise provided in this section or in section 117 (relating to qualified scholarships), gross income includes amounts received as prizes and awards.

**(b) Exception for certain prizes and awards transferred to charities**

Gross income does not include amounts received as prizes and awards made primarily in recognition of religious, charitable, scientific, educational, artistic, literary, or civic achievement, but only if—

(1) the recipient was selected without any action on his part to enter the contest or proceeding;

(2) the recipient is not required to render substantial future services as a condition to receiving the prize or award; and

(3) the prize or award is transferred by the payor to a governmental unit or organization described in paragraph (1) or (2) of section 170(c) pursuant to a designation made by the recipient.

**(c) Exception for certain employee achievement awards****(1) In general**

Gross income shall not include the value of an employee achievement award (as defined in section 274(j)) received by the taxpayer if the cost to the employer of the employee achievement award does not exceed the amount allowable as a deduction to the employer for the cost of the employee achievement award.

**(2) Excess deduction award**

If the cost to the employer of the employee achievement award received by the taxpayer exceeds the amount allowable as a deduction to the employer, then gross income includes the greater of—

(A) an amount equal to the portion of the cost to the employer of the award that is not

allowable as a deduction to the employer (but not in excess of the value of the award), or

(B) the amount by which the value of the award exceeds the amount allowable as a deduction to the employer.

The remaining portion of the value of such award shall not be included in the gross income of the recipient.

**(3) Treatment of tax-exempt employers**

In the case of an employer exempt from taxation under this subtitle, any reference in this subsection to the amount allowable as a deduction to the employer shall be treated as a reference to the amount which would be allowable as a deduction to the employer if the employer were not exempt from taxation under this subtitle.

**(4) Cross reference**

For provisions excluding certain de minimis fringes from gross income, see section 132(e).

**(d) Exception for Olympic and Paralympic medals and prizes****(1) In general**

Gross income shall not include the value of any medal awarded in, or any prize money received from the United States Olympic Committee on account of, competition in the Olympic Games or Paralympic Games.

**(2) Limitation based on adjusted gross income****(A) In general**

Paragraph (1) shall not apply to any taxpayer for any taxable year if the adjusted gross income (determined without regard to this subsection) of such taxpayer for such taxable year exceeds \$1,000,000 (half of such amount in the case of a married individual filing a separate return).

**(B) Coordination with other limitations**

For purposes of sections 86, 135, 137, 219, 221, 222, and 469, adjusted gross income shall be determined after the application of paragraph (1) and before the application of subparagraph (A).

(Aug. 16, 1954, ch. 736, 68A Stat. 24; Pub. L. 99-514, title I, §§122(a)(1), 123(b)(1), Oct. 22, 1986, 100 Stat. 2109, 2113; Pub. L. 114-239, §2(a), Oct. 7, 2016, 130 Stat. 973; Pub. L. 115-97, title I, §13305(b)(1), Dec. 22, 2017, 131 Stat. 2126.)

## AMENDMENTS

2017—Subsec. (d)(2)(B). Pub. L. 115-97 struck out “199,” after “137.”

2016—Subsec. (d). Pub. L. 114-239 added subsec. (d).

1986—Subsec. (a). Pub. L. 99-514, §123(b)(1), which directed that subsec. (a) be amended by substituting “(relating to qualified scholarships)” for “(relating to scholarship and fellowship grants)”, was executed by making the substitution for “(relating to scholarships and fellowship grants)” to reflect the probable intent of Congress.

Pub. L. 99-514, §122(a)(1)(A), substituted “Except as otherwise provided in this section or” for “Except as provided in subsection (b) and”.

Subsec. (b). Pub. L. 99-514, §122(a)(1)(B), (C), inserted “for certain prizes and awards transferred to charities” in heading and added par. (3).

Subsec. (c). Pub. L. 99-514, §122(a)(1)(D), added subsec. (c).