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(B) Extent of exclusion.—The amount of the scholarship or fellowship grant excluded under subsection (a) (1) in any taxable year shall be limited to an amount equal to $300 times the number of months for which the recipient received amounts under the scholarship or fellowship grant during such taxable year, except that no exclusion shall be allowed under subsection (a) after the recipient has been entitled to exclude under this section for a period of 36 months (whether or not consecutive) amounts received as a scholarship or fellowship grant while not a candidate for a degree at an educational institution (as defined in section 151 (e) (4)).

Source as originally enacted in the 1954 Code: New.

Amendments:	Sec. as amended effective:
P. L. 87-256, § 110(a)..	1-1-62

P. L. 87-256, § 110(a):

Amended Code Sec. 117(b)(2)(A) to read as above. Prior to amendment, it read as follows:

"(A) Conditions for exclusion. — The grantor of the scholarship or fellowship grant is an organization described in section 501(c)(3) which is exempt from tax under section 501(a), the United States, [illegible] of the [illegible] subdivision thereof, or the District of Columbia."

Effective for taxable years beginning after 1961.