

## 2013 Education Tax Credit Information – Form 1098-T

### **IMPORTANT NOTE:**

The 1098-T is an information form only; it does not contain all the information needed to determine the education tax credit, and it is not attached to the taxpayer's federal income tax return.

**Additionally, the 1098-T form does not report “payments” which is needed to claim the educational tax credit.**

The form does report qualified tuition and fee charges posted to the student account for classes taken for academic credit and any financial aid received (excluding student loans), but does not report any payments made by a student. It is the taxpayer's responsibility to determine amounts actually paid out-of-pocket during the year towards qualified higher education expenses such as tuition and fee charges. The tax credit is calculated based on actual payments made and the tax credit is claimed on IRS Form 8863.

**Details of payments posted to the student account is available online to students via the secure MyPage student portal following the directions given below.**

In addition to the tuition and fee charges reported on the 1098-T form (box #2), there may be other qualifying education expenses such as textbooks and required course supplies to be considered when determining the tax credit. Because the tax credit is based on payments for all qualifying expenses, the determined tax credit may not agree with the charges reported to the IRS on the 1098-T form.

**It is the taxpayer's responsibility to determine and calculate the appropriate tax credit or deduction he or she may be eligible to claim on the 2013 federal income tax return. Please consult IRS regulations and instructions and/or a tax professional for assistance in claiming your education credits. Specific information and instructions can be found on the following IRS websites:**

- IRS Form 8863 Education Credits (<http://www.irs.gov/pub/irs-pdf/f8863.pdf>)
- IRS Publication 970 Tax Benefits for Education (<http://www.irs.gov/pub/irs-pdf/p970.pdf>)

### **Web Access Instructions and 1098-T Mailing Status**

The 1098-T forms for 2013 will be mailed to students prior to January 31, 2014. Per IRS regulations, forms are mailed only to students enrolled in courses taken for academic credit, meaning those courses that lead to a postsecondary degree, or other recognized postsecondary educational credential. **However, all students may see a facsimile of the 1098-T form and details of all payments and charges posted to their account via the SLCC-MyPage website using the following directions:**

- Login to SLCC's intranet portal MyPage <https://mypage.slcc.edu>
- Click on the “Student” tab
- Click the “Student Records” link
- Under the “Student Records” link, find & click on “Tax Notification 1098-T Information”
- Enter “2013” for the tax year and click the “Submit” button  
(prior year 1098-T information may be viewed and obtained by entering the appropriate tax year in this field)
- This information can be printed for the tax payer's records.

## Section 1: Description of Amounts found in the 1098-T Form's Boxes

### Box 1

SLCC does not report student "payments" in **box 1**. However, student **payment details** in 2013 can be found via the secure MyPage website using the directions above.

### Boxes 2 and 5

The form reports total "qualified charges" posted to the student account in **Box 2** (meaning tuition and required student and course fees for courses taken for academic credit) charged in 2013 for semesters starting in 2013. It **excludes** charges for the 2013 Spring semester if a student registered for "credit courses" in December 2012. Likewise, it **includes** charges for the 2014 Spring semester if a student registered for classes in December 2013. If a student registered in December 2012 for the spring semester starting in January 2013, those charges were reported on the 2012 1098-T form and can be found in the student's "MyPage" link, by entering "2012" in the 'tax year' field..

The 1098-T also reports any scholarships, grants, waivers or sponsor paid amounts in **Box 5** that were received and posted to a student's account in the calendar year. Student loans received are not considered as financial aid, but are considered as student payments.

### Prior Year Adjustments (Boxes 4 and 6)

Colleges are required to report adjustments to charges and scholarships for school semesters that were reported on a prior year 1098-T form if those adjustments occurred during calendar year 2013. Any adjustments that would have **increased** the prior year reported qualified tuition and fee charges or scholarships received are added with the current year reporting in Boxes 2 and 5 and should be included with your current year tax credit calculation. However, any adjustments that would have **decreased** the amount reported as qualified charges or scholarships on a prior year form are reported in **Boxes 4 or 6** respectively.

**Please consult IRS regulations and instructions and/or a tax professional for assistance in calculating and claiming an education tax credit.**

## Section 2: Description of Available Education Tax Credits

### American Opportunity Credit & Lifetime Learning Tax Credit

There are two tax credits for qualifying higher education expenses: The American Opportunity credit (a modification of the previously known Hope credit) and the Lifetime Learning credit. Both credits are claimed by filing IRS Form 8863 with your federal income tax return. The credits are to help families (individuals) reduce the amount they pay out-of-pocket for tuition and other qualified education expenses for postsecondary education. The table below is a comparison of the American Opportunity and Lifetime Learning credits:

<b>2013 IRS Comparison Chart</b>	<b>American Opportunity Credit</b>	<b>Lifetime Learning Credit</b>
<b>Maximum Credit</b>	Up to \$2,500 per <b>eligible student</b>	Up to \$2,000 per <b>return</b>
<b>Limit on modified adjusted gross income (MAGI)</b>	\$180,000 if married filing jointly; \$90,000 if single, head of household, or qualifying widow(er)	\$127,000 if married filing Jointly; \$63,000 if single, head of household, or qualifying widow(er)
<b>Refundable or nonrefundable</b>	40% of credit may be refundable, the rest is nonrefundable	Nonrefundable—credit limited to the amount of tax you must pay on your taxable income
<b>Number of years of postsecondary education</b>	Available <b>ONLY</b> for the first 4 years of postsecondary education	Available for all years of postsecondary education and for courses to acquire or improve job skills.
<b>Number of tax years credit is available</b>	Available <b>ONLY</b> if the student had not completed the first 4 years of postsecondary education before 2013	Available for an unlimited number of years for courses to acquire or improve job skills
<b>Type of degree required</b>	Student must be pursuing a degree or other recognized postsecondary educational credential	Student does not need to be pursuing a degree or other postsecondary recognized educational credential.
<b>Number of courses</b>	Student must be enrolled at least half time for at least one academic period beginning during the year	Available for one or more courses
<b>Felony drug conviction</b>	As of the end of 2013, the student had not been convicted of a felony for possessing or distributing a controlled substance	Felony drug convictions are permitted
<b>Qualified expenses</b>	Tuition, required enrollment fees, and course materials that the student needs for a course of study whether or not the materials are bought at the educational institution as a condition of enrollment or attendance	Tuition and required enrollment fees (including amounts required to be paid to the institution for course-related books, supplies, and equipment)
<b>Payments for academic periods</b>	Payments made in 2013 for academic periods beginning in 2013 or beginning in the first 3 months of 2014	Payments made in 2013 for academic periods beginning in 2013 or beginning in the first 3 months of 2014

Salt Lake Community College cannot determine if you qualify for one of these tax credits or the amount of the credit due you. Please consult IRS regulations and instructions and/or a tax professional for assistance in claiming your education credits.

### **Tuition and Fees Above-The-Line Deduction**

If your income does not exceed the specified ceiling (above) and you choose not to take one of the education credits for qualified tuition and fees, you may be able to deduct up to \$4,000 from your Adjusted Gross Income without having to itemize deductions. The amount of the deduction is dependent upon the amount of your modified adjusted gross income. The deduction has the same requirements as the Lifetime Learning credit in that the expenses must be for classes at a qualified institution and must give or improve job skills. Consult a tax professional for assistance in determining which tax credit or deduction is the most advantageous for you and in calculating and claiming your credit or deduction.