

What Expenses Qualify

Qualified education expenses. Generally, qualified education expenses are amounts paid in 2011 for tuition and fees required for the student's enrollment or attendance at an eligible educational institution. Required fees include amounts for books, supplies, and equipment used in a course of study if required to be paid to the institution as a condition of enrollment or attendance. It does not matter whether the expenses were paid in cash, by check, by credit card, or with borrowed funds.

Qualified education expenses do **not** include amounts paid for:

- Room and board, insurance, medical expenses (including student health fees), transportation, or other similar personal, living, or family expenses.
- Course-related books, supplies, equipment, and nonacademic activities, except for fees and expenses required to be paid to the institution as a condition of enrollment or attendance.
- Any course or other education involving sports, games, or hobbies, or any noncredit course, unless such course or other education is part of the student's degree program.

You should receive Form 1098-T, Tuition Statement, from the college or university reporting either payments received in 2011 (box 1) or amounts billed in 2011 (box 2). However, the amounts in box 1 or 2 of Form 1098-T may be different from what you actually paid. On Form 8917, line 1, enter only the amounts you **paid in 2011** for qualified expenses (reduced, if necessary, as described below).

Adjusted qualified education expenses. You must reduce the total of your qualified education expenses by the following items.

- Any tax-free educational assistance you received for the qualified expenses you paid in 2011 if you receive the tax-free assistance in 2011 or in 2012 but before you file your 2011 tax return. Tax-free educational assistance includes a tax-free scholarship, Pell grant, or tax-free employer-provided educational assistance.
- Any refunds of qualified education expenses you paid in 2011 if you (or anyone else) received the refund in 2011 or in 2012 but before you file your 2011 tax return.
- Any qualified education expenses for which you take any other deduction, such as on Schedule A (Form 1040) or Schedule C (Form 1040).
- Any qualified education expenses used to figure the exclusion from gross income of (a) interest received under an education savings bond program, or (b) distributions from a Coverdell education savings account (ESA) or qualified tuition program (QTP). For a QTP, this applies only to the amount of tax-free earnings that were distributed, not to the recovery of contributions to the program.

Your qualified education expenses, reduced by these items, are your adjusted qualified education expenses. You can use the Qualified Education Expenses Worksheet for Column (c) to figure your adjusted qualified education expenses. See Pub. 970, chapter 6, for specific information.

If, after you file your 2011 tax return, you receive any tax-free educational assistance for the qualified education expenses you paid in 2011 or you or anyone else receives any refund of qualified education expenses you paid in 2011, you generally must figure the amount by which your taxable income would have increased if the refund or tax-free assistance had been received in 2011. Generally, include that amount (but only up to the amount of the deduction that reduced your tax) as additional income for the year the refund or tax-free assistance is received. See *Non-Itemized Deduction Recoveries* in Pub. 525 for more information.

Eligible educational institution. An eligible educational institution is any college, university, vocational school, or other postsecondary educational institution eligible to participate in a student aid program administered by the Department of Education. It includes virtually all accredited public, nonprofit, and proprietary (privately owned profit-making) postsecondary institutions. The educational institution should be able to tell you if it is an eligible educational institution.

Certain educational institutions located outside the United States also participate in the U.S. Department of Education's Federal Student Aid (FSA) programs.

Example. You paid \$8,000 tuition and fees in December 2011 for your child to begin college in the academic term beginning in January 2012. During the academic term beginning in January 2012, your child dropped two courses. Before you file your tax return for 2011, you received a refund of \$5,600. Refigure your 2011 tuition and fees deduction using \$2,400 of qualified expenses instead of \$8,000. Do not include any part of the \$5,600 in income for 2012.

Who Is an Eligible Student

For purposes of the tuition and fees deduction, an eligible student is a student who was enrolled in one or more courses at an eligible educational institution (defined earlier).

More Information

See Pub. 970, chapter 6, for more information about this deduction.

Specific Instructions

Line 1

Complete columns (a) through (c) on line 1 for each student for whom you elect to take the tuition and fees deduction.

Note. If you have more than three students who qualify for the tuition and fees deduction, enter "See attached" next to line 1 and attach a statement with the required information for each additional student. Include the amounts from line 1, column (c), for all students in the total you enter on line 2.

Column (c)

For each student, enter the amount of adjusted qualified education expenses. The expenses must have been paid for the student in 2011 for academic periods beginning after 2010 but before April 1, 2012.

You can use the worksheet that follows to figure the correct amount to enter in column (c).

Qualified Education Expenses Worksheet for Column (c) (Do a separate worksheet for each student)

See *What Expenses Qualify*, earlier, before completing.

1. Total qualified education expenses _____
2. Less adjustments:
 - a. Tax-free educational assistance, received in 2011 or before 2011 tax return filed, for qualified education expenses paid in 2011 _____
 - b. Refunds received in 2011 or before 2011 tax return filed, for qualified education expenses paid in 2011 _____
 - c. Qualified education expenses deducted on Schedule A (Form 1040) or Schedule C (Form 1040) _____
 - d. Qualified education expenses used to figure the exclusion from gross income of interest received under an education savings bond program or distributions from an ESA or QTP _____
3. Total adjustments (add lines 2a through 2d) _____
4. Adjusted qualified education expenses (subtract line 3 from line 1). Enter here and on Form 8917, line 1, column (c). If zero or less, enter -0- _____