

Get the Information You Need

If you receive a 1098T from the University, take it with you when you go to the tax preparer. You don't have to have a 1098T. Whether or not you receive a 1098T, you should get your account information from your school to accurately calculate your tax credit.

UT Tyler

- Login to my.utt Tyler.edu
- Click on Student Access, then on Student Center
- Under Finances, click Account Inquiry
- For each term in the tax year View All items.
- Print or save to a file. Bring that information to the preparer. Some preparers may be able to assist you with that data retrieval.

TJC

- Visit www.tjc.edu
- From Quick Links, login to Apache Access
- Click on the Academics tab
- In the My Account box, click on the term to view
- Click Statement and Payment History
- For each term in the tax year Click Account Detail for Term
- Print or save to a file. Bring that information to the preparer. Some preparers may be able to assist you with that data retrieval.

Detailed instructions for preparing a spreadsheet calculating your expenses are available at

www.tylerhosting.com/EdCredit/

Resources for Professionals

Resources are available for professionals to simplify the calculation of the American Opportunity Tax Credit. If your tax pro doesn't know about maximizing the tax credit, point him to

www.tylerhosting.com/EdCredit/

The AOTC Toolkit includes information on the education credit IRS regulations, accessing and preparing records, tabulating expenses, qualification flowcharts, and an AOTC Worksheet to calculate the maximum credit.

See a Tax Professional

This advice related to education credits is general in nature. Consult a tax professional for your specific circumstances. Competent professionals will be able to determine applicable regulations for you, and avoid the potential pitfalls.

The AOTC is one of many credits and deductions available for education expenses. It is popular because part of it is refundable. The Lifetime Learning Credit (LLC), the other credit, is non-refundable, which means it reduces the amount of income tax owed. They may also be able to help with other deductions and help you plan for future years of educational expenses.

This information was provided for your benefit by Dana Bell, EA. Your comments and questions can be addressed to edcredit@tylerhosting.com.

Free Tax Assistance

The IRS programs VITA and TCE provide free tax services during tax season. To search for a site in your area go to irs.treasury.gov/freetaxprep/ during tax season. Free tax assistance is available at several locations in Tyler. Following are tentative times

- VITA: PATH – Wed 4-6pm; Sat 9a-12p
- Tax-Aide: First Baptist Church
Mon/Sat 9a-1p; Tue/Thu 1p-5p;
- Tax-Aide: Senior Center – Mon/Wed 9a-1p
- Tax-Aide: Lindale Public Library – Thu 11a-3p
- Tax-Aide: Whitehouse Methodist – Tue/Thu 10a-2p

Tax preparation at these locations may be limited because of scope limitations set by the IRS or the sponsoring organizations, but they still may be able to advise you on getting your return filed.

... Most Pell Grant recipients should claim at least \$2,000 in tuition and fees for the AOTC, even if that means allocating some of their scholarship money to living expenses and counting those amounts as taxable income.¹

– Adam Looney, Deputy Assistant Secretary for Tax Analysis at the United States Department of the Treasury.

¹ <http://www.treasury.gov/connect/blog/Pages/Helping-students-and-families-access-college-tax-benefits.aspx>

An important message about the American Opportunity Tax Credit

CAN I GET AN EDUCATION CREDIT TO GO WITH THAT PELL GRANT?

**& OTHER QUESTIONS ABOUT
EDUCATION CREDITS**

When you file your tax return this year, don't forget to consider an education credit. Even though you may not be anything out-of-pocket for your educational expenses last year, you could still get an educational credit that could be worth up to \$2500. This could be possible even if your Pell grants and other scholarships covered all of your expenses.

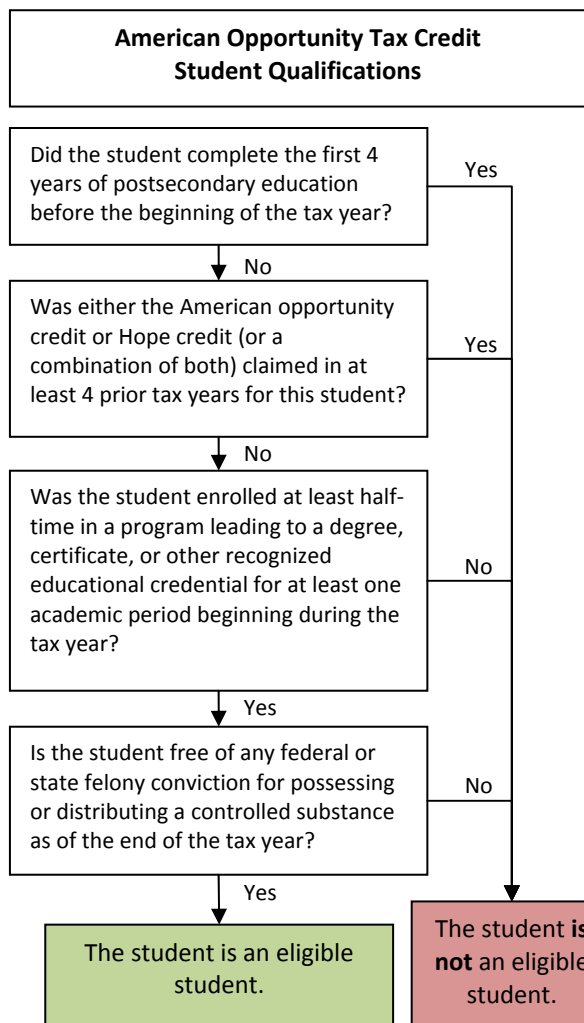
This little flyer can help you get that credit, and get it done right. If you have a 1098T, bring it with you when you get your tax return prepared, but you don't have to have a 1098T to qualify. You will need to have a record of your expenses, and you do have to file a tax return.

This advice related to education credits is general in nature. Consult a tax professional for your specific circumstances. Competent professionals will be able to determine applicable regulations for you, and avoid the potential pitfalls. They can also help plan for future years of educational expenses.

What Are Education Credits?

Several credits and deductions are available for students on their tax return. The most popular credit is the American Opportunity Tax Credit (AOTC) because you can get money back even though you didn't pay any tax.

The AOTC credit is based on how much you (or your parents) paid in educational expenses. The expenses include amounts paid by cash, credit, and student loans. That includes tuition and fees as well as required books that you may have purchased elsewhere.

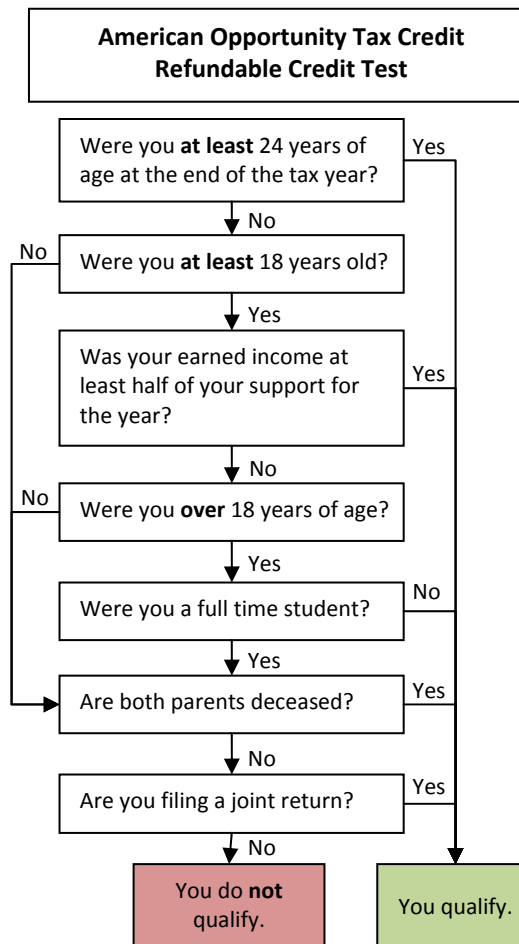


What's This About Pell Grants?

By including your Pell grants and some other scholarships in income you can consider those expenses as being paid by you. If your filing threshold is low you may not have to pay tax on that additional income and still get credit for paying the educational expenses.

How Much?

The AOTC is worth \$2500 in tax reduction. If you don't have any tax to reduce, you could still get up to \$1000 back. Other qualifications for that portion apply. If you don't qualify for the refundable portion, then a parent may be able to get it.



If you find out that you do not qualify because of age or status, your parents can get the credit for amounts you paid.

Rich Uncle?

What if your rich uncle paid for your education? If someone else paid your expenses as a gift, those are also considered paid by you. You don't have to include that amount in income either, because taxes should have already been paid.

Why Didn't H&R Block Tell Me?

A lot of misinformation is available about education credits. Some of that comes from educational institutions, while much of it comes from big box tax chains like H&R Block² and TurboTax³. The mantra is that tax-free amounts you use to cover expenses cannot be used to claim the credits. That's true, but it's not the whole truth.

These tax chains often employ minimally trained preparers, and focus on only the simplest and most basic returns, and simplest credits like the EITC. Even if they knew, they may not know how to do it right.

For best results consider using a CPA or Enrolled Agent. The misinformation is so prevalent that even they might not know about this, but they will know how to research the IRS regulations. Refer them to Treas. Reg. 1.25A-5.⁴

I wish I would have known

You can get the AOTC for a total of four years. The AOTC has been around in the present form since 2009. If you've missed this education credit in previous years, you can amend those returns up to three years from the due date (without extensions) and get a refund for those years as well. So, when you file your 2014 return you can amend 2011-2013.

Remember, the deadline for amending your 2011 return is generally April 15, 2015.

² http://www.hrblock.com/tax-answers/services/isp/article.jsp?article_id=67005

³ <https://ttic.intuit.com/questions/1901069-are-scholarships-fellowships-and-grants-considered-taxable-income>

⁴ <http://www.law.cornell.edu/cfr/text/26/1.25A-5>