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Agenda

> Important information for 2016 returns
> American Opportunity Tax Credit
> Lifetime Learning Tax Credit
> Tuition and Fees Deduction
> Qualified Tuition Programs (529 Plans)
> Qualified Education Expenses
> Non-Qualified Education Expenses
> Departmental Scholarships, Fellowships and Grants to U.S. Resident and Citizen students
> Form 1098T
> Information Resources
Important Information

> Deadline for filing tax return is April 18, 2017
> Exemption is $4,050 per person
> Standard deduction is $6,300 for single and $12,600 for joint return
> EITC and ACTC Refunds will not arrive in bank accounts until late February
Tax Credit or Deduction

A tax credit reduces the amount of income tax you may have to pay.

A deduction reduces the amount of income subject to tax.
American Opportunity Tax Credit

> For students enrolled in undergraduate programs

> Applies to the first four years of post-secondary education

> Up to $2,500 of the cost of qualified tuition and related expenses paid during the taxable year
Lifetime Learning Tax Credit

- For students enrolled in graduate or any fee based programs
- For any type of post-secondary education, including classes taken to improve or acquire job skills
- For an unlimited number of years
- Equal to 20% of the first $10,000 of qualified expenses (maximum $2,000) paid in 2016
When you CAN claim a Tax Credit

> If you pay qualified education expenses

> For American Opportunity: your MGI is under $80,000 for single or under $160,000 for married filing jointly

> For Lifetime Learning: your MGI is under $55,000 for single or under $110,000 for married filing jointly

> To claim a credit, use tax form 1040A or 1040

> To calculate the tax credit, use form 8863
When you CANNOT claim a Tax Credit

> If your filing status is married filing separately
> You are listed as a dependent in the exemptions section on another person’s tax return
> For the American Opportunity: your income is over $90,000 for single and over $180,000 for married filing jointly
> For the Lifetime Learning: your income is over $65,000 for single and over $130,000 for married filing jointly
> You or your spouse was a non-resident alien for any part of 2016 and the non-resident did not elect to be treated as a resident for tax purposes
Tuition and Fees Deduction

- Taken as an adjustment to income
- Available if your income is too high to take either the American Opportunity or Lifetime tax credit
- Income limit is $65,000 for single and $130,000 for married filing jointly. You may get a reduced amount if your income is over this limit
- Maximum deduction amount is $4,000
- To claim the tuition fees deduction:
  - Use Form 8917 to calculate
  - Report on Line 34 on Form 1040
  - Report on Line 19 on Form 1040A
Qualified Tuition Program (GET or 529 College Saving Program)

> Many states have programs that allow people to prepay or contribute to an account for paying qualified education expenses.

> No tax is due on a distribution for a QTP unless the amount distributed is greater than the qualified education expenses.

> Washington State offers the GET program
  – Payments from this program are not reported on the 1098T tax form
Qualified Education Expenses – American Opportunity

> Per IRS regulations, qualified education expenses are:
  – Tuition and fees required for enrollment
  – Course related books
  – Supplies
  – Equipment needed for a course of study

> **Whether or not paid to the educational institution as a condition of enrollment or attendance**
Qualified Education Expenses – Lifetime Learning

> Per IRS regulations, qualified education expenses are:

– Tuition and fees required for enrollment
– Course related books
– Supplies
– Equipment needed for a course of study

> Only if paid for an eligible student that is required for enrollment or attendance at an eligible institution
Qualified Education Expenses

Do NOT include:

> Insurance
> Medical Expenses (including student health fees)
> Transportation (Upass)
> Room & Board
> Athletic Fees
A scholarship or fellowship is tax free when:

> the money is paying for qualified education expenses

AND

> the student is working towards a degree
Prizes, Awards and Stipends to U.S. Citizens & Resident Students

1. The money will affect student’s financial aid status and can affect a student’s tax credit
   - When departments award money onto the student tuition account, the UW does not withhold tax

2. When departments award money in the student account system, the Financial Aid Office will receive all payment information to determine the needs of students when they apply for financial aid

3. Prizes, awards, and stipends are taxable income
1098T Form (prepared by UW)

For the American Opportunity & Lifetime Learning Credit:

> UW generates a 1098T form to all UW and PCE students. Online printing available from website:

    f2.washington.edu/fm/sfs/tax

> Summarizes all tuition and fee charges in Box 2

> Summarizes scholarship, fellowship and financial aid in Box 5

> Helps students determine if they qualify for tax credit or if the scholarship and grant aid money is taxable

> Non Resident Alien Students do not qualify and will not receive the 1098T form
1098T Form (prepared by UW)

UW reports tuition charges plus scholarships and financial aid grants but does not report payments from personal funds to the IRS.

Information on the form:

> Box 2 – total of qualified tuition and fees expenses
> Box 5 – total of scholarship or financial aid grants

When comparing box 2 to box 5:

> If box 2 total is greater than box 5 total, student may qualify for a tax credit
> If box 5 total is greater than the box 2 total, student will have to report the difference in the amount as income
### 1098T Form (prepared by UW)

#### American Opportunity or Lifetime Learning Tax Credits

<table>
<thead>
<tr>
<th>Box</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>$8,025</td>
</tr>
<tr>
<td>5</td>
<td>0</td>
</tr>
</tbody>
</table>

**Difference**: $8,025

Maximum credit for American Opportunity is $2,500

Maximum credit for Lifetime Learning is $2,000
# Scholarship Income

**Box 2** $15,329

**Box 5** - 21,196

**Difference** - $5,867

Extra scholarship funds to report as income: $5,867
1098T Form (prepared by UW)

Stipend Paid via Payroll

No taxes withheld from the payroll office - may increases tax liability

| Box 2       | $ 30,739.00 |
| Box 5       | - 46,854.60 |
| Difference  | - $16,115.60 |

Extra scholarship funds to report as income is $16,115.60
To report scholarship income:

Line 7 “sch”
To report tax credits from Form 8863
Line 50
To report scholarship income:

Line 7 “sch”
To report tax credits from Form 8863

Line 33
To report scholarship income:
Line 1 “sch”
### IRS Form 1040EZ

#### Use this form if
- Your filing status is single or married filing jointly. If you are not sure about your filing status, see instructions.
- You and your spouse (if married filing jointly) were under age 65 and not blind at the end of 2016. If you were born on January 1, 1952, you are considered to be age 65 at the end of 2016.
- You do not claim any dependents. For information on dependents, see Pub. 501.
- Your taxable income (line 6) is less than $100,000.
- You do not claim any adjustments to income. For information on adjustments to income, use the Tax Topics listed under Adjustments to Income at www.irs.gov/taxtopics (see instructions).
- The only tax credit you can claim is the earned income credit (EIC). The credit may give you a refund even if you do not owe any tax. You do not need a qualifying child to claim the EIC. For information on credits, use the Tax Topics listed under Tax Credits at www.irs.gov/taxtopics (see instructions). If you received a Form 1098-T or paid higher education expenses, you may be eligible for a tax credit or deduction that you must claim on Form 1040A or Form 1040. For more information on tax benefits for education, see Pub. 970.

**Caution:** If you can claim the premium tax credit or you received any advance payment of the premium tax credit in 2016, you must use Form 1040A or Form 1040.
- You had only wages, salaries, tips, taxable scholarship or fellowship grants, unemployment compensation, or Alaska Permanent Fund dividends, and your taxable interest was not over $1,500. But if you earned tips, including allocated tips, that are not included in box 5 and box 7 of your Form W-2, you may not be able to use Form 1040EZ (see instructions). If you are planning to use Form 1040EZ for a child who received Alaska Permanent Fund dividends, see instructions.

#### Filing in your return
If you received a scholarship or fellowship grant or tax-exempt interest income, such as on municipal bonds, see the instructions before filling in the form. Also, see the instructions if you received a Form 1099-INT showing federal income tax withheld or if federal income tax was withheld from your unemployment compensation or Alaska Permanent Fund dividends.

For tips on how to avoid common mistakes, see instructions.

### Worksheet for Line 5 — Dependents
#### Who Checked One or Both Boxes
- **A.** Amount, if any, from line 1 on front
- **B.** Minimum standard deduction
- **C.** Enter the larger of line A or line B here
- **D.** Maximum standard deduction. If single, enter $6,300; if married filing jointly, enter $12,600.
- **E.** Enter the smaller of line C or line D here. This is your standard deduction.
- **F.** Exemption amount.
  - If single, enter $0.
  - If married filing jointly and —
    - both you and your spouse can be claimed as dependents, enter $0.
    - only one of you can be claimed as a dependent, enter $4,050.
- **G.** Add lines E and F. Enter the total here and on line 5 on the front.

(keep a copy for your records)
If you did not check any boxes on line 5, enter on line 5 the amount shown below that applies to you.
- Single: enter $10,350. This is the total of your standard deduction ($6,300) and your exemption ($4,050).
- Married filing jointly, enter $20,700. This is the total of your standard deduction ($12,600), your exemption ($4,050), and your spouse’s exemption ($4,050).

### Mailing Return
Mail your return by **April 18, 2017**. Mail it to the address shown on the last page of the instructions.

IRS Form 8917 – Calculate Tuition and Fees Deduction

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You cannot take both an education credit from Form 8863 and the tuition and fees deduction from this form for the same student for the same tax year.

**Before you begin:**
- To see if you qualify for this deduction, see Who Can Take the Deduction in the instructions below.
- If you file Form 1040, figure any write-in adjustments to be entered on the dotted line next to Form 1040, line 36. See the 2016 Form 1040 instructions for line 36.

1. **Student’s name (as shown on page 1 of your tax return)**
   - First name
   - Last name

2. Add the amounts on line 1, column (c), and enter the total . . . . . . . . . .

3. Enter the amount from Form 1040, line 22, or Form 1040A, line 15

4. Enter the total from either:
   - Form 1040, lines 23 through 33, plus any write-in adjustments entered on the dotted line next to Form 1040, line 36, or
   - Form 1040A, lines 16 through 18.

5. Subtract line 4 from line 3. If the result is more than $80,000 ($160,000 if married filing jointly), stop; you cannot take the deduction for tuition and fees.

6. **Tuition and fees deduction.** Is the amount on line 5 more than $65,000 ($130,000 if married filing jointly)?
   - Yes. Enter the smaller of line 2, or $2,000.
   - No. Enter the smaller of line 2, or $4,000.

Also enter this amount on Form 1040, line 34, or Form 1040A, line 19.

For Paperwork Reduction Act Notice, see your tax return instructions.
Complete a separate Part III for each student for whom you're claiming either the American opportunity credit or lifetime learning credit. Use additional copies of page 2 as needed for each student.

Part III

Student and Educational Institution Information

20. Student name (as shown on page 1 of your tax return)
21. Student Social Security number (as shown on page 1 of your tax return)

22. Educational institution information (see instructions)
   a. Name of first educational institution
   b. Name of second educational institution (if any)

   1. Address. Number and street (or P.O. box). City, town, or postal office, state, and ZIP code. If an address, see instructions.
   2. Did the student receive Form 1098-T from this institution for 2016? Yes □ No □
   3. Did the student receive Form 1098-T from this institution for 2015 with box 7 filled in and box 8 checked? Yes □ No □
   4. Did the student receive Form 1098-T from this institution for 2015 with box 7 filled in and box 8 checked? Yes □ No □
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   10. Did the student receive Form 1098-T from this institution for 2015 with box 7 filled in and box 8 checked? Yes □ No □
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   12. Did the student receive Form 1098-T from this institution for 2015 with box 7 filled in and box 8 checked? Yes □ No □
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   29. Did the student receive Form 1098-T from this institution for 2015 with box 7 filled in and box 8 checked? Yes □ No □
   30. Did the student receive Form 1098-T from this institution for 2015 with box 7 filled in and box 8 checked? Yes □ No □
   31. Did the student receive Form 1098-T from this institution for 2015 with box 7 filled in and box 8 checked? Yes □ No □

For Paperwork Reduction Act Notices, see your tax return instructions.

Cat. No. 33879W

Form 8863 (2016)
Electronic Filing

E-File Topics
- Electronic Filing PIN
- Direct Pay
- Where’s My Refund
- Get Transcript

Free File: Do Your Federal Taxes for Free

Free File is the IRS’ free tax preparation service for almost everyone. Free File does the hard work for you, either through brand-name software or online fillable forms. Give it a try!

Income below $60,000: Free File Software
- Use free tax prep software
- Software makes taxes easier
- State returns available, some are free
- Help me find Free File software

START Free File Now

Income above $60,000: Free File Fillable Forms
- Fillable, electronic versions of the paper forms
- Must know how to do your taxes yourself
- Does math, offers only basic guidance
- State tax prep is not available

START Fillable Forms Now

Free File Software
- How to use Free File (PDF)
- The Health Care Law and Your Taxes (PDF)
- Free File benefits (PDF)
- What you need to get started

Free File Fillable Forms
- Getting Started (PDF)
- User Guide (PDF)
- Minimum Computer Requirements
- Available Forms & Limitations
- Help
# UW Tax Help

## Free Tax Filing Help

**On UW Seattle Campus — Paccar Hall**

<table>
<thead>
<tr>
<th>Day</th>
<th>Time</th>
</tr>
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<tbody>
<tr>
<td>Monday</td>
<td>6pm—9pm</td>
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<tr>
<td>Wednesday</td>
<td>6pm—9pm</td>
</tr>
<tr>
<td>Saturday</td>
<td>10am—2pm</td>
</tr>
</tbody>
</table>

Starting January 24, 2017 through April 17, 2017
IRS Resources

www.irs.gov
> IRS Publication 970

Individual Tax Help
1-800-829-1040

IRS Seattle Office
915 Second Ave (Downtown Seattle)
32nd Floor, Federal Building

Hours:
Monday - Friday
8:30 am to 4:30 pm by appointment

Taxpayer Advocate Service
www.irs.gov/advocate
1-877-777-4778
Local Resources

Free Tax Help at Seattle Public Libraries: www.spl.org

Central Library - 1000 Fourth Ave.
Jan. 11 through April 21
Monday - Thursday: Noon - 7 p.m.
Saturday: 11 a.m. - 5 p.m.
Sunday: 1 p.m. - 5 p.m.

University Branch - 5009 Roosevelt Way NE
Jan. 14 through April 21
Thursday: 1 p.m. – 5 p.m.

Ballard Branch - 5614 22nd Ave. N.W.
Feb. 1 through March 31
Monday: 2:30 p.m. - 7 p.m.
Thursday: 10:30 a.m. - 4 p.m.

Northgate Branch - 10548 Fifth Ave. N.E.
Feb. 4 through April 14
Thursday: 1 p.m. - 7 p.m.

Queen Anne Branch - 400 W. Garfield St.
Feb. 3 through April 13
Wednesday and Saturday: Noon - 5 p.m.
UW Resources

UW student tax website:
http://f2.washington.edu/fm/sfs/tax

Student account questions?
Send email to: taxquest@uw.edu
“Opt Out” of receiving the paper 1098T form:
> Go to: f2.washington.edu/fm/sfs/tax to sign up

Student Fiscal Services will send you an email as soon as the 1098T is on your MyUW page!