U.S. Resident Taxes

University of Washington
Student Fiscal Services
Agenda

> Important Information for 2021 Returns
> American Opportunity Tax Credit & Lifetime Learning Tax Credit
> Qualified Tuition Programs (529 Plans)
> Qualified Education Expenses
> Non-Qualified Education Expenses
> Departmental Scholarships, Fellowships and Grants for U.S. Resident students
> Prepaying Your Taxes to the IRS
> Form 1098T
> Information Resources
Important Information

> Tax due date is 04-18-2022

> Standard deduction is $12,550 for single and $25,100 for married joint return

> Covid-19 Emergency aid or CARES Act payment is not reported in Box 5 on the 1098T form. This money is non-taxable

> Only use 1040 tax form to file. Form1040A or 1040EZ have been discontinued
Standard Deduction of $12,550 for single filer

- An amount you will subtract from your gross income before you calculate your taxes
- Taxpayers can do itemized deductions if they have large acceptable expenses, like mortgage interest or property tax
- The IRS gives you the standard deduction if you do not have itemized deductions or if your itemized deductions are less than $12,550

✓ You can use the standard deduction whether you are a dependent or not!
Tax Credit

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

> Please read IRS Publication 970 for more information on the two education tax credits

> Check if you can claim the tuition and fees deduction if you do not qualify for the tax credit

> Check IRS form 8917 for more information on the tuition & fees deduction
American Opportunity Tax Credit:

- Applies to the first four years of post-secondary education, this credit is for undergraduate students.

- You can claim up to a $2,500 credit if you paid the cost of qualified tuition and related expenses in the tax year 2021.
Lifetime Learning Tax Credit:

> For **any type of post-secondary education**, including classes taken to improve or acquire job skills

> Includes students enrolled in a graduate program or fee base program

> For an unlimited number of years

> Credit is calculated by 20% of the first $10,000 you paid for the qualified education expenses

> **Maximum $2,000 credit** in tax year 2021
You Can Claim a Tax Credit

> If you pay qualified education expenses

> For American Opportunity: your MGI is under $90,000 for single or under $180,000 for married filing jointly. AOTC is incrementally decreased for MGI between $80,000 – $90,000 for single filers and 160,000 – 180,000 for joint filers

> For Lifetime Learning: your MGI is under $69,000 for single or under $138,000 for married filing jointly. LLC is incrementally decreased if your MGI is between $59,000 – $69,000 for single filers and $118,000 – $138,000 for joint filers

> To claim a credit, use tax form 1040

> To calculate the tax credit, use form 8863
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 $69,000 for single and over $138,000 for married filing jointly

> You or your spouse was classified as a Non-Resident Alien for any part of 2021 and did not elect to be treated as a resident for tax purposes
Qualified Tuition Program
(GET/DreamAhead or 529 College Saving Program)

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

> No tax is due on a distribution for a Qualify Tuition Payment unless the amount distributed is greater than the qualified education expenses

> Washington State offers the GET program and the DreamAhead Program

> Payments from these two programs are not reported on the 1098T tax form
Qualified Education Expenses For American Opportunity Tax Credit

Per IRS regulations, qualified education expenses are:

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

Qualified Educational Expenses include 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.
Qualified Education Expenses for Lifetime Learning Tax Credit

Per IRS regulations, qualified education expenses are:

> Tuition and fees required for enrollment

> Books

> Supplies

> Equipment

> May be claimed ONLY if the expense is required for attendance and is paid directly to the educational institution
Qualified Education Expenses **DO NOT Include**

- Insurance
- Medical Expenses (including student health fees)
- Transportation (U-Pass)
- Room & Board
- Similar personal, living or family expenses
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

> Prizes, awards and stipends are taxable income

> When a department awards money onto the student’s tuition account, UW does not withhold taxes, but will report it on the 1098T form

> The money can affect the student’s tax credit and financial aid status

  - When departments award money in the student account system, the Financial Aid Office will receive this information for use in determining the needs of students when they apply for financial aid
Paying Taxes on Stipend Payments

> Stipend payment from your department is a taxable income

> FICA taxes are not withheld from departmental stipend payment if it is paid by the payroll office

> For taxable income with taxes not withheld, you should prepay taxes to the IRS quarterly to reduce the tax amount due when you file your yearly tax return
How to Prepay Your Taxes

> Visit: irs.gov/payments
> Go to make a payment section:

Pay Your Taxes Now
Pay with your bank account for free or choose an approved payment processor to pay by credit or debit card for a fee.

- Bank Account (Direct Pay)
- Debit Card or Credit Card

Other Ways You Can Pay
- Electronic Federal Tax Payment System (best option for businesses or large payments; enrollment required)
- Electronic Funds Withdrawal (during e-filing)
- Same-day wire (bank fees may apply)
- Check or money order
- Cash

> To prepay taxes, you will need your SS#
> You need to select the year and indicate this is a prepay tax payment
> Print a payment receipt after you pay
1098T Form (prepared by UW)

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

   http://finance.uw.edu/sfs/tax

> Summarizes all tuition and fee charges and payments in Box 1

> Summarizes scholarships, fellowships and financial aid in Box 5

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

> Non Resident Alien students do not receive the 1098T form, but there are some exceptions

Revised January 31, 2022
1098T Form (prepared by UW)

UW reports tuition payments plus scholarships and financial aid grants on the 1098T form

Information on the form:

> Box 1 – total of qualified tuition and fees payments
> Box 5 – total of scholarships or financial aid grants

When comparing box 1 to box 5:

> If box 1 total is greater than box 5 total, student may qualify for a tax credit
> If box 5 total is greater than the box 1 total, student will have to report the difference in the amount as income
1098T Form – Tax Credits

Box 1: $7,870.00
Box 5: -$2,490.00
Difference: $5,380.00

you can only claim one of the credits:
American Opportunity is $2,500
Lifetime Learning is $2,000
Box 1: $11,863.00
Box 5: -$16,115.00
Difference: $-4,252.00

Extra scholarship funds to report as income: $4,252.00
**1098T Form – Stipend**

**Box 1:** $10,212.00  
**Box 5:** - $18,398.00  
**Difference:** - 8,186.00

Additional scholarship payments should be filed as additional income: $8186.00

*Stipend Paid via Payroll:*  
No taxes are withheld by the payroll office – stipends are reported on the 1098T form as a scholarship. This may increase tax liability.

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**UNIVERSITY OF WASHINGTON**  
**Educational Tax Credits Report**

If you have any questions regarding this report, please contact Student Fiscal Services via email at taxes@uw.edu or call 360-864-2300, 8-5 Pacific Time Monday through Friday. See reverse page for additional information.

University of Washington  
Student Fiscal Services  
Box 95871, Seattle WA 98105  
UW IRS Identification Number: 91-6001337  

**INFORMATION SUBMITTED TO THE IRS**

The following information is being sent to the IRS. Box numbers correspond to IRS Form 1098-T, also called the "Tuition Statement." Any box number not listed should be considered to have a zero dollar amount.

- **Box 1:** Payments for qualified tuition & related expenses... $10,212.00
- **Box 5:** Scholarships or grants... $18,398.00
- **Box 7:** Expenses include an amount for 2022... No
- **Box 8:** Student is at least half-time... Yes
- **Box 9:** Student is a graduate student... Yes

**DETAIL OF CHARGES AND FINANCIAL ASSISTANCE RECEIVED**

The following detailed information is NOT being sent to the IRS.

**QUALIFIED TUITION and RELATED EXPENSES PAID IN 2021**

<table>
<thead>
<tr>
<th>Charged Transaction</th>
<th>2021 TUTION</th>
<th>Expense</th>
<th>Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>9/16/21 AUTUMN 2021</td>
<td>10,212.00</td>
<td>10,212.00</td>
<td></td>
</tr>
</tbody>
</table>

**SCHOLARSHIPS OR GRANTS RECEIVED IN 2021**

<table>
<thead>
<tr>
<th>Date</th>
<th>Transaction</th>
<th>Grant Aid</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>10/04/21</td>
<td>ASE TA/RA U-PASS WAIVER</td>
<td>92.00</td>
<td>92.00</td>
</tr>
<tr>
<td>10/07/21</td>
<td>1% RESIDENT-APPOINTED EXEMPT</td>
<td>4,094.00</td>
<td>4,094.00</td>
</tr>
<tr>
<td>12/31/21</td>
<td>SUN OF AMT PAID THRU WORKDAY</td>
<td>5,788.00</td>
<td>5,788.00</td>
</tr>
</tbody>
</table>

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22 | Revised January 31, 2022
To report excess scholarship as income use:

**LINE 1: amount & “SCH”**
To report tax credits from form 8863 use: **LINE 29**
IRS Form 8863 – Calculate Tax Credit

Part I: Refundable American Opportunity Credit

1. Enter: $100,000 if married filing jointly; $50,000 if single, head of household, or qualifying widower.
2. Enter the total of all amounts from all Parts III, line 56.
3. Subtract line 2 from line 1.
4. Multiply line 3 by 20%.
5. Enter: $20,000 if married filing jointly; $10,000 if single, head of household, or qualifying widower.
6. If line 5 is 0:
   - Equal to or more than line 6, enter 0.00 on line 6.
   - Less than line 6, divide line 6 by line 5. Enter the result as a decimal (rounded to at least three places).
7. Multiply line 1 by line 5. Caution: If you were under age 24 at the end of the year and meet the conditions described in the instructions, you cannot take the refundable American Opportunity credit; skip line 8, enter the amount from line 7 on line 9, and check this box.
8. Refundable American Opportunity credit. Multiply line 7 by 42% (0.42). Enter the amount here and on Form 1040 or 1040-SR, line 38. Then go to line 9.

Part II: Nonrefundable Education Credits

9. Subtract line 9 from line 7. Enter here and on line 1 of the Credit Limit Worksheet (see instructions).
10. After completing Part II for each student, enter the total of all amounts from all Parts III, line 31.
11. Enter: $100,000 if married filing jointly; $50,000 if single, head of household, or qualifying widower.
12. Multiply line 11 by 20% (0.20).
13. Enter: $20,000 if married filing jointly; $10,000 if single, head of household, or qualifying widower.
14. Enter the amount from Form 1040 or 1040-SR, line 11. If you are filing Form 2555 or 4563, or you are excluding income from Puerto Rico, see Pub. 970 for the amount to enter.
15. Subtract line 14 from line 13. If zero or less, skip lines 15 and 16, enter -0- on line 16, and go to line 19.
16. Enter: $20,000 if married filing jointly; $10,000 if single, head of household, or qualifying widower.
17. If line 16 is 0:
   - Equal to or more than line 16, enter 1.00 on line 17 and go to line 18.
   - Less than line 16, divide line 16 by line 15. Enter the result as a decimal (rounded to at least three places).
18. Multiply line 12 by line 17. Enter here and on line 1 of the Credit Limit Worksheet (see instructions).
19. Nonrefundable education credits. Enter the amount from line 7 of the Credit Limit Worksheet (see instructions) here and on Schedule 3 (Form 1040), line 13.

For Paperwork Reduction Act Notice, see your tax return instructions.
Electronic Filing

IRS Free File: Do your Taxes for Free

IRS Free File lets you prepare and file your federal income tax online using guided tax preparation, at an IRS partner site or free File Fillable Forms. It's safe, easy and no cost to you for a federal return.

To receive a free federal tax return, you must select an IRS Free File provider from the Become All Offers page or your Online Lookup Tool results. Once you click your desired IRS Free File provider, you will leave the IRS.gov website and land on the IRS Free File provider's website. Then, you must create an account at the IRS Free File provider's website accessed via IRS.gov to prepare and file your return. Please note that an account created at the same provider's commercial tax preparation website does NOT work with IRS Free File; you MUST access the provider's free file site as instructed above.

Check from IRS Free File:

Guided Tax Preparation
(for AGI $73,000 or less)
- Free federal return with an Adjusted Gross Income (or AGI) of $73,000 or less
- Answer simple questions
- Guided preparation does all the math
- Tax filing done on an IRS partner site
- Some state tax preparation and filing are free

Fillable Forms
- Available for any income level
- Free electronic forms you fill out and file yourself
- Free to prepare a paper tax return using IRS forms, instructions and publications
- No tax preparation guidance and limited calculations provided

What Is IRS Free File?
The IRS Free File Program is a public-private partnership between the IRS and many tax preparation and filing software industry leaders who provide their brand-name products for free. It provides two ways for taxpayers to prepare and file their federal income tax online for free:

Guided Tax Preparation provides free online tax preparation and filing on an IRS partner site. Our partners deliver this service at no cost to qualifying taxpayers. Only taxpayers whose AGI is $73,000 or less qualify for a free Federal tax return using IRS Free File guided tax preparation.

Free File Fillable Forms are electronic federal tax forms, equivalents to a paper 1040 form, you fill out online for free. If you choose this option, you should know how to prepare your own tax return. It is the only IRS Free File option available for taxpayers whose income (AGI) is greater than $73,000.

Link:
IRS Resources

Great source for:
- Information about tax return preparation
- Tax forms and instructions
- IRS Publications

Help by phone:
- Hotline available to answer questions
- Helps with tax return preparation
- Most documents are easy to print

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
At Your Service

Taxpayer Advocate Service
www.irs.gov/advocate
(206) 946-3707

> Serves taxpayers in Washington State
> Helps if you have tried unsuccessfully to resolve a problem with the IRS
> Offers special help to taxpayers experiencing a significant hardship due to their tax problems
Online Tax Help

United Way Free Online Tax Help
January 20 – April 18, 2022

Follow the link below for locations:
https://www.uwkc.org/need-help/tax-help/
For More Tax Information

IRS Web Site
www.irs.gov

IRS Publication 970
IRS Instructions for 1040
Opting Out of the Paper 1098-T

For a no-hassle, paperless, environmentally friendly 1098T, sign up to “Opt Out” of receiving the paper 1098T form

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

For more information go to: http://finance.uw.edu/sfs/tax
To contact student fiscal service by phone or email, you need to provide your student ID number

Student account questions?
Send email to: taxquest@uw.edu

Student Fiscal Services Tax line
206-221-2609

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

1098T Forms
Student Fiscal Services
taxquest@uw.edu
206-221-2609

W-2 forms
Payroll Tax - ISC
pr-tax@uw.edu
206-616-4317