U.S. Resident
Taxes information for 2023

University of Washington
Student Fiscal Services
Agenda

> Important Information for 2023 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 **04-15-2024**

> Standard deduction is $13,850 for single and $27,700 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 $13,850 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
- The IRS discontinued the tuition and fees deduction form 8917. So you cannot claim this deduction if you do not qualify for tax credit.
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 2023
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 2023
You Can Claim a Tax Credit

> If you pay qualified education expenses

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

> Your income is over $90,000 for single and over $180,000 for married filing jointly

> You or your spouse was classified as a Non-Resident Alien for any part of 2023 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
Departmental Scholarships, Fellowships and Grants

A scholarship or fellowship is tax free when:

- the money is paying for qualified education expenses
- 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 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 from Your Bank Account
For individuals only. No registration required. No fees from IRS. Schedule payments up to a year in advance.

Pay Now with Direct Pay

Pay by Debit Card, Credit Card or Digital Wallet (e.g., PayPal)
For individuals and businesses (not for payroll tax deposits). Processing fees apply.

Pay Now by Card or Digital Wallet

Other Ways You Can Pay

- Same-Day Wire — Bank fees may apply
- Check or Money Order — Through U.S. mail
- Cash — Through a retail partner and other methods
- Electronic Funds Withdrawal — During e-filing

> Pay using your SS# with the amount
> You need to select the year and prepay taxes
> Print a payment receipt after you pay
1098T Form (prepared by UW)

> UW generates a 1098T form for all UW and CC/PCE students. On-line 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
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**

**University of Washington Educational Tax Credits Report**

IRS Form 1098-T and UW Information Statement – Tax Year 2023

Box 1: $12,106.00

Box 5: - $0.00

**Difference:** $12,106.00

You can only claim **one** of the credits:

- American Opportunity is $2,500
- Lifetime Learning is $2,000
1098T Form – Scholarship Income

Box 1: $10,227.00
Box 5: -$20,202.00
Difference: $-9,975.00

Extra scholarship funds to report as income: $9,975.00
1098T Form – Stipend

**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.

**Box 1:** $14,080.00

**Box 5:** $42,433.03

**Difference:** $28,353.03

Additional scholarship payments should be reported as additional income: $28,353.03
To report excess scholarship as income use:

**LINE 8r of Schedule 1:** 'amount & “SCH”'
To report tax credits from form 8863 use: **LINE 29**
Complete Part III on page 2 for each student for whom you’re claiming either credit before you complete Parts I and II.

### Refundable American Opportunity Credit

1. After completing Part III for each student, enter the total of all amounts from all Parts III, line 30 .
2. Enter: $18,000 if married filing jointly, $9,000 if single, head of household, or qualifying surviving spouse
3. Enter the amount from Form 1040 or 1040-SR, line 11. If you’re filing Form 2555 or 4563, or you’re excluding income from Puerto Rico, see Pub. 970 for the amount to enter instead.
4. Subtract line 3 from line 2. If zero or less, stop; you can’t take any education credit.
5. Enter: $2,400 if married filing jointly; $1,200 if single, head of household, or qualifying surviving spouse.
6. If line 4 is:
   - Equal or more than line 5, enter 1,000 on line 6.
   - Less than line 5, divide line 4 by line 5. Enter the result as a decimal (rounded to at least three places).
7. Multiply line 1 by line 6. Caution: If you were under age 24 at the end of the year and meet the conditions described in the instructions, you can’t take the refundable American opportunity credit; skip line 8, enter the amount from line 7 on line 9, and check this box.

### Nonrefundable Education Credits

8. Enter the amount here and on Form 1040 or 1040-SR, line 29. Then go to line 9 below.
9. Subtract line 8 from line 7. Enter line 9 on line 12 of the Credit Limit Worksheet (see instructions).
10. Enter the smaller of line 9 or $10,000.
11. Multiply line 11 by 20% (0.20).
12. Enter: $18,000 if married filing jointly; $9,000 if single, head of household, or qualifying surviving spouse.
13. Enter the amount from Form 1040 or 1040-SR, line 11. If you’re filing Form 2555 or 4563, or you’re excluding income from Puerto Rico, see Pub. 970 for the amount to enter instead.
14. Subtract line 13 from line 12. If zero or less, skip lines 16 and 17, enter 0 on line 18, and go to line 19.
15. Enter: $20,000 if married filing jointly; $10,000 if single, head of household, or qualifying surviving spouse.
16. If line 15 is:
   - Equal or more than line 16, enter 1,000 on line 16 and go to line 18.
   - Less than line 16, divide line 15 by line 16. Enter the result as a decimal (rounded to at least three places).
17. Multiply line 12 by line 17. Enter here and on line 1 of the Credit Limit Worksheet (see instructions).
18. Enter the amount from line 7 of the Credit Limit Worksheet (see instructions) here and on Schedule 3 (Form 1040), line 3.
Electronic Filing

IRS Free File: Do your taxes for free

IRS Free File lets qualified taxpayers prepare and file federal income tax returns online using guided tax preparation software. It’s safe, easy and no cost to you. Those who don’t qualify can still use Free File Fillable Forms.

Individual tax filers, regardless of income, can use IRS Free File to electronically request an automatic tax filing extension.

Choose from IRS Free File:

Option 1: Guided Tax Software
(for Adjusted Gross Income (AGI) $79,000 or less)

Let the software do the work
- Answer simple questions
- Choose between trusted IRS partners you qualify for
- Accurate math calculations guaranteed
- Free state tax preparation and filing with some trusted partners
- Prepare and file your federal return in Spanish

Explore Free Guided Tax Software

Option 2: Fillable Forms
You do all the work using form instructions
- Available for any income level
- No guidance and limited calculations provided
- No state tax preparation and filing

Use Fillable Forms

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 companies who provide their online tax preparation and filing for free. It provides two ways for taxpayers to prepare and file their federal income tax online for free.
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
Other Tax Help

United Tax Way Free Online Tax Help

January 16th – April 21st, 2024

> 17 locations across King County + virtual tax site

> No appointment needed

Follow the link below:

FreeTaxExperts.org
UW Free Tax Assistance

HOURS
UW VITA reopens on January 24th, 2024. The site will run from 11:30 am to 2:30 pm on Tuesdays and Thursdays.

LOCATION
University of Washington, Seattle Campus
Dempsey Hall Room 202
4277 NE Stevens Way, Seattle, WA 98195

WHO QUALIFIES
Households making less than $80,000 can access free tax help and preparation for this tax year
The UW site also helps prepare nonresident returns
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