Agenda

> Important Information for 2019 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
> Form 1098T
> Information Resources
Important Information

> Tax due date is extended to 7/15/2020

> Standard deduction is $12,200 for single and $24,400 for joint return

> Only use 1040 tax form. Form1040A or 1040EZ discontinued.

> Tuition and fees deduction has been extended to cover qualified education expenses in 2018, 2019 & 2020.
Standard Deduction of $12,200 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 more expenses, like mortgage interest or property tax.
- If you cannot do the itemized deduction, the IRS gives you a standard deduction amount.

✓ You can use the standard deduction whether you are a dependent or not!
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 the undergraduate students.

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

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

*For students enroll in a graduate program or fee base program*

*For an unlimited number of years*

Equal to 20% of the first $10,000 of qualified expenses (maximum $2,000) paid in 2019
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 $68,000 for single or under $136,000 for married filing jointly

> 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 $68,000 for single and over $136,000 for married filing jointly

> You or your spouse was a Non-Resident Alien for any part of 2019 and the non-resident did not elect to be treated as a resident for tax purposes
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 and the Dream Ahead 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

**Whether or not paid to 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

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

> 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 taxes, but will report it on the 1098T form

> 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

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

> UW generates a 1098T form to 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 scholarship, fellowship and financial aid in Box 5

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

> Non Resident Alien Students will 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 scholarship 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 2019

Box 1: $12,738.00

Box 5: - $0.00

Difference: $12,738.00

Filers can only claim **one** of the credits:
American Opportunity is **$2,500**
Lifetime Learning is **$2,000**

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**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... $12,738.00
Box 5: Scholarships or grants........................................... $0.00
Box 7: Expenses Include an amount for 2020.................. No
Box 8: Student is at least half-time................................. Yes
Box 9: Student is a graduate student............................ No

**DETAIL OF CHARGES AND FINANCIAL ASSISTANCE RECEIVED**

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

**QUALIFIED TUITION and RELATED EXPENSES PAID IN 2019**

<table>
<thead>
<tr>
<th>Charged</th>
<th>Transaction</th>
<th>Expense</th>
<th>Paid</th>
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</thead>
<tbody>
<tr>
<td>8/29/19</td>
<td>AUTUMN 2019 TUITION</td>
<td>12,638.00</td>
<td>12,638.00</td>
</tr>
<tr>
<td></td>
<td>REGULAR COURSE FEES</td>
<td>30.00</td>
<td>30.00</td>
</tr>
<tr>
<td></td>
<td>REGULAR COURSE FEES</td>
<td>70.00</td>
<td>70.00</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL:</strong></td>
<td>12,738.00</td>
<td>12,738.00</td>
</tr>
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</table>
1098T Form – Scholarship Income

UNIVERSITY OF WASHINGTON
Educational Tax Credits Report
IRS Form 1098-T and UW Information Statement – Tax Year 2019

Box 1: $3,738.00
Box 5: - $5,351.00
Difference: - $1,613.00

Extra scholarship funds to report as income: $1,613.00
1098T Form – Stipend

**UNIVERSITY OF WASHINGTON**

Educational Tax Credits Report
IR3 Form 1098-T and UW Information Statement – Tax Year 2019

2/04/20

If you have any questions regarding this report, please contact Student Fiscal Services via email at taxquest@uwashington.edu or call 206-221-2000, 8-5 Pacific Time Monday through Friday. See reverse page for additional information.

University of Washington
Student Fiscal Services
Box 359871, Seattle WA 98195

UW IRS Identification Number.

SOC SEC NUMBER:
Student Number:

**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...
  - $19,086.00

- **Box 5**: Scholarships or grants...
  - $29,581.00

- **Box 7**: Expenses include an amount for 2020...
  - 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 itemized information is NOT being sent to the IRS.

**QUALIFIED TUITION and RELATED EXPENSES PAID IN 2019**

<table>
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<th>Transaction</th>
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<th>Paid</th>
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<tr>
<td>1/22/19</td>
<td>WINTER 2019 TUITION</td>
<td>9,949.00</td>
<td>9,949.00</td>
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<tr>
<td>3/27/19</td>
<td>SPRING 2019 TUITION</td>
<td>9,949.00</td>
<td>9,949.00</td>
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<tr>
<td><strong>TOTAL:</strong></td>
<td>$19,086.00</td>
<td>$19,086.00</td>
<td></td>
</tr>
</tbody>
</table>

**SCHOLARSHIPS OR GRANTS RECEIVED IN 2019**

<table>
<thead>
<tr>
<th>Date</th>
<th>Transaction</th>
<th>Grant Aid</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/02/19</td>
<td>TARA SERV APPTNT NONRES EXEMPT</td>
<td>4,097.00</td>
<td>4,097.00</td>
</tr>
<tr>
<td>1/07/19</td>
<td>ENGLISH PROGRAM SUPPORT</td>
<td>5,208.00</td>
<td>5,208.00</td>
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<tr>
<td>3/27/19</td>
<td>POLLOCK ENDOWED FUND CREATIVE</td>
<td>5,170.00</td>
<td>5,170.00</td>
</tr>
<tr>
<td>4/02/19</td>
<td>TARA SERV APPTNT NONRES EXEMPT</td>
<td>4,097.00</td>
<td>4,097.00</td>
</tr>
<tr>
<td>4/05/19</td>
<td>KLEPPER ENDOWED FUND</td>
<td>200.00</td>
<td>200.00</td>
</tr>
<tr>
<td>2/31/19</td>
<td>STIPEND PAID VIA PAYROLL</td>
<td>10,809.00</td>
<td>29,581.00</td>
</tr>
</tbody>
</table>

Box 1: $19,086.00
Box 5: -$ 29,581.00
Difference: -$ 10,495.00

Extra scholarship funds to report as income: $ 10,495.00

*Stipend Paid via Payroll:*

No taxes withheld from the payroll office – report on the 1098T form as scholarship. May increases tax liability
To report excess scholarship as income use:

**LINE 1:** “amount & SCH”
To report tax credits from form 8863 use:
LINE 18 C
IRS Form 8863 – Calculate Tax Credit

Part I Refundable American Opportunity Credit

1. After completing Part II for each student, enter the total of all amounts from all Parts II, line 30.  
   2. Enter $985,000 if married filing jointly, $390,000 if single, head of household, or qualifying widow(er).  
   3. Enter the amount from Form 1040 or 1040-SR, line 1b.  
   4. Subtract line 3 from line 2.  
   5. Enter $20,000 if married filing jointly, $10,000 if single, head of household, or qualifying widow(er).  
   6. Enter $20,000 if married filing jointly, $10,000 if single, head of household, or qualifying widow(er) if you are under age 24 at the end of the year and meet the conditions described in the instructions.  
   7. Multiply line 6 by .2.  
   8. Enter $20,000 if married filing jointly, $10,000 if single, head of household, or qualifying widow(er) if you are under age 24 at the end of the year and meet the conditions described in the instructions.

Part II Nonrefundable Education Credits

9. Subtract line 7 from line 6. Enter here and on line 2 of the Credit Limit Worksheet (see instructions).  
10. Enter the smaller of line 10 or $10,000.  
11. Multiply line 11 by .2.  
12. Enter the amount from Form 1040 or 1040-SR, line 8b.  
13. Enter $350,000 if married filing jointly, $105,000 if single, head of household, or qualifying widow(er).  
14. Enter the amount from Form 1040 or 1040-SR, line 9b.  
15. Subtract line 14 from line 13.  
16. Enter $20,000 if married filing jointly, $10,000 if single, head of household, or qualifying widow(er).  
17. If line 16 is less than line 16, enter 1,000 on line 12, enter 0 on line 13, and enter 0 on line 14.  
18. Multiply line 12 by .2. Enter here and on line 2 of the Credit Limit Worksheet (see instructions).  
19. Enter the amount from line 7 of the Credit Limit Worksheet (see instructions) here and on Schedule 3 of Form 1040 or 1040-SR, line 3.  

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

Complete Part III for each student for whom you're claiming either the American opportunity credit or the 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).

23. Has the Hope Scholarship Credit or American opportunity credit been claimed for this student for any 4 tax years before 2019?  

24. Was the student enrolled at least half-time for all or part of one academic period that began or was treated as having begun in 2019 at an eligible educational institution in a program leading towards a postsecondary degree, certificate, or other recognized postsecondary educational credential?  

25. Did the student complete the first year of postsecondary education before 2019?  

26. Was the student convicted, before the end of 2019, of a felony for possession or distribution of a controlled substance?  

27. Adjusted qualified education expenses (see instructions).  
28. Nonrefundable education credits. Enter the amount from line 7 of the Credit Limit Worksheet (see instructions) here and on Schedule 3 of Form 1040 or 1040-SR, line 3.  
29. Adjusted qualified education expenses (see instructions). Include the total of all amounts from all Parts II, line 30, on Part II, line 10.  
30. If line 28 is 0, enter the amount from line 29. Otherwise, add $2,000 to the amount on line 29 and enter the result.  
31. Multiply line 28 by 25% (or 0) .
Electronic Filing

Free File: Do Your Federal Taxes for Free

Welcome to Free File, where you can prepare and file your federal individual income tax return for free using tax preparation and filing software.

Let Free File do the hard work for you with brand-name software or Free File Fillable Forms.

Choose a Free File Online option based on your income:

Income $69,000 and Below
Free File Online Products
- File your taxes with easy to use software
- Free state return options are available
- Use the Free File Online Freeware Tool to find free federal and free state return options

Choose a Free File Online Product

Income above $69,000
Free File Fillable Forms
- Must know how to do your taxes yourself
- Does not offer only basic guidance
- You must have your 2018 tax return
- State tax prep is not available

Start Fillable Forms Now

More Resources
- Know Your Protections Under the IRS Free File Program
- Get Replacement Social Security Benefit Statement Form 554-1099 Online
- Free Tax Return Preparation for Low-Income Taxpayers
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

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
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
On-Campus Tax Help

Free tax help--- file your tax return by United Way of King County VITA site & the Foster School of Business

Samuel E. Kelly Ethnic Cultural Center

January 13 – April 18
Monday & Wednesday: 4 – 8 pm
Friday: 12 – 4 pm

www.freetaxexperts.org
Local Resources

Seattle Public Library, Central Branch
Mon to Thurs: 12 – 7 p.m.
Sat: 11 a.m. – 5 p.m.
Sun: 1 p.m. – 5 p.m.

Seattle Public Library, University Branch
Thurs: 12 p.m. – 4 p.m.
Sat: 12 p.m. – 4 p.m.

Lake City Neighborhood Service Center
Mon, Tues, & Thurs: 5 p.m. – 9 p.m.
Sun: 10 a.m. – 4 p.m.

Free Tax Help at Seattle Public Libraries.
For more times and locations, please visit:

www.spl.org
For More Tax Information

IRS Web Site
www.irs.gov

IRS Publication 970
IRS Instructions for 1040
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
206-543-4694

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