

Understanding Tax Benefits for Education

WHAT'S NEW?

In previous years, your 1098T included a figure in Box 2 that represented the qualified tuition and related expenses (QTRE) we *billed* to your student account for the calendar (tax) year. Due to a change to reporting requirements under federal law, we will report in Box 1 the amount of QTRE you *paid* during the year. The payments reported in Box 1 are from *all sources*, including scholarships and grants that *cannot* be claimed when figuring your education credits.

WHO QUALIFIES?

An eligible taxpayer must file a federal tax return and owe taxes to claim the **American Opportunity Credit** or the **Lifetime Learning Credit**. In addition, the taxpayer must claim an eligible student as a dependent on the tax return, unless the credit is for the taxpayer or the taxpayer's spouse. You may NOT claim these credits yourself if you are claimed as a dependent on someone else's tax return, or if your filing status is married filing separately.

You may NOT claim the **American Opportunity Credit** and the **Lifetime Learning Credit** for the same student in the same tax year. The exact amount of the tax credit depends on your family's income, the amount of qualified tuition and fees paid, and the amount of certain scholarships and allowances subtracted from tuition charges.

WHAT EXPENSES QUALIFY?

Generally, qualified expenses are amounts paid by cash, check, credit card or loans for tuition and fees required for enrollment or attendance at an eligible educational institution for you, your spouse, or a dependent you claim on your tax return. Higher education expenses paid with tax-free scholarships, grants, or employer-provided educational assistance generally cannot be used when figuring your education credits. However, taxpayers may want to review the options available for the treatment of PELL grants and other scholarships or fellowship grants.

WHAT TAX BENEFITS ARE AVAILABLE?

American Opportunity Credit (Form 1040 AND Form 8863): Your family may claim an American Opportunity tax credit up to \$2,500 per eligible student for expenses paid 01/01/2019 through 12/31/2019. This credit is only available to taxpayers whose income is under \$180,000 if filing a joint return, or under \$90,000 if filing a single return. Student Qualifications for the American Opportunity Tax Credit: An eligible student must be enrolled at least half time at an eligible educational institution. Qualifying expenses for this credit include amounts paid for tuition and fees, books, supplies and equipment required for the course of study.

Lifetime Learning Credit (Form 1040 AND Form 8863): Your family may claim a Lifetime Learning tax credit up to \$2,000 per return for eligible expenses paid 01/01/2019 through 12/31/2019 for an unlimited number of tax years. This credit is only available to taxpayers whose income is under \$136,000 if filing a joint return, or under \$68,000 if filing a single return.

Student Qualifications for the Lifetime Learning Tax Credit: An eligible student must be enrolled in one or more courses at an eligible educational institution. Qualifying expenses for this credit include only amounts paid for tuition and required fees.

HOW DO YOU CLAIM YOUR TAX BENEFIT?

To claim one of the education tax benefits listed above, the taxpayer must report the amount of tuition and fees paid during 2019. This information is contained on the enclosed Student Account Summary sheet. Complete Form 8863 to calculate the exact amount of your credit.

FOR ADDITIONAL INFORMATION...

Robert Morris University Illinois cannot determine if you qualify for one of these education tax benefits or the amount of credit due you. If you believe you may qualify, review [IRS Instructions for Form 8863](#) for more information. Call **1-800-TAX-FORM** or go to www.irs.gov on the Internet to obtain free copies. Consult with the Internal Revenue Service or a tax advisor if you need additional guidance on claiming a tax credit.