



## **Haas Office of Financial Aid**

**January 24, 2007**

### **Tax Benefits for Higher Education**

It's January, and that means that tax filing season has begun. The Haas School's Office of Financial Aid wanted to remind you that there a number of federal education-related tax benefits.

UC Berkeley will be sending out your 1098-T (the Tuition Payments Statement) on January 31<sup>st</sup>. The 1098-T information will also be available online at <http://www.1098-T.com>. The 1098-T reflects any qualified tuition and/or fees paid during the calendar year 2006--whether the payment was made by cash, loans payments, or other financial aid payments. Fees such as the health insurance and class pass do not appear on the 1098-T as these are not defined as qualified education expenses for tax reporting purposes. Please note that financial aid payments for Spring 2007 were not officially made until after January 1<sup>st</sup>, 2007, and will therefore appear on the 1098-T for 2007.

If you have any questions regarding the information listed on your 1098-T, you should contact the University's vendor: Tax Credit Reporting Service (TCRS) at their toll-free number (877) 467-3821. They are available Monday through Friday, from 8 am to 6 pm (Pacific time) to answer your questions about form 1098-T.

UC Berkeley's Billing & Payment Services has also created a section on their website with information about the Tax Payer Relief Act as well as the Form 1098-T, including a detailed "frequently asked questions" section. The address for the Tax Payer Relief page of their site is: <http://billing.berkeley.edu/StudentServices/taxpayer.htm>

There are also some changes to the federal tax forms this year, and how you must file in order to claim the tuition/fees deduction:

- The only form that can be used to claim the tuition/fees deduction is form 1040 (paper or electronic).
- The IRS will not begin processing any returns claiming the tuition/fees deduction until February 3<sup>rd</sup>, 2007; if your tax return is received prior to that date, the IRS will hold your return for processing.

- There is no line item identifying the tuition/fees deduction on the paper 1040 form. The IRS has instructed tax payers to do the following:

The deduction for tuition and fees will be claimed on Form 1040, line 35, “Domestic production activities deduction.” Enter "T" on the blank space to the left of that line entry if claiming the tuition and fees deduction.

- For an example of how to complete the paper form, refer to the following document on the IRS’ website: [http://www.irs.gov/pub/irs-news/tuition\\_and\\_fees\\_deduction.pdf](http://www.irs.gov/pub/irs-news/tuition_and_fees_deduction.pdf)

In addition to the tuition/fees deduction, there are a number of other education-tax benefits available. The Haas School’s Office of Financial Aid is happy to provide you with the following resources to assist you in navigating the various education-tax benefits:

- [Billing & Payment Services’ Tax Payer Relief Act Information](#)
- [Internal Revenue Service \(IRS\)](#)
- [IRS Publication 970: Tax Benefits for Education](#) (please note the IRS has not yet updated the publication 970 for 2006; for now, this link will take you to the publication for 2005; however, once updated the link will take you to the Publication 970 for 2006)
- [NASFAA’s Tax Benefits Guide for Parents and Students](#) (see the above statement regarding the IRS’ publication)
- [USA Funds’ Higher-Education Tax Benefits Guide](#) (this has already been updated for Tax Year 2006)

Sincerely,

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