

Questions and Answers Regarding Form 1098T and the Education Tax Credit\

1. Why did I receive the Form 1098T? What is its purpose?

Educational institutions are required by law to report to students the amount of qualified tuition and related expenses (fees) billed to them or paid by them during the calendar year. Yuba Community College District has opted to report the total amount billed during 2007.

The purpose of the form is to help the student determine whether they are eligible to claim an Education Tax Credit on their individual income tax returns.

2. What is an Education Tax Credit?

Tax credits have requirements which must be met before the credit may be claimed. These requirements can be found in Publication 970, Tax Benefits for Education which may be obtained from the IRS website at www.irs.gov or by phoning the IRS at 1-800-829-1040. If you meet the eligibility requirements, the credits may be used to reduce the amount of income tax you have to pay.

Generally, you may be eligible to claim education credits if:

- you pay qualified tuition and related expenses of higher education,
- you pay the tuition and related expenses for an eligible student ,
- the eligible student is either yourself, your spouse or a dependent for whom you can claim an exemption on your tax return (for example, your dependent child).

3. I did not receive a 1098T. Why is that?

Specifically, educational institutions are not required to issue a Form 1098T to:

- Students whose qualified tuition and related expenses are entirely waived or paid entirely with scholarships or grants
- Educational institutions are also not required to issue the forms to students for courses for which no academic credit is received. Therefore, tuition and fees billed for Continuing Education classes will not be reported on Form 1098T
- Nonresident alien students

4. How can I tell how much I paid? I need this information to compute the credit.

It is the student's responsibility to maintain records documenting the amounts they paid to the District during 2007. Receipts are issued to all students who pay using cash or credit card. Please refer to these receipts to determine what you have paid during the year.

5. What expenses qualify for the credit?

Tuition, fees and related expenses paid to the institution as a condition of enrollment or attendance are includable as qualified expenses. Expenses for books and supplies generally do not qualify for the credit. More information about qualified expenses can be found in Publication 970, Tax Benefits for Education which may be obtained from the IRS website at www.irs.gov or by phoning the IRS at 1-800-829-1040.

6. I am the parent of a student and pay their bills. Why can't I get a copy of the Form 1098T?

Federal laws prohibit educational institutions from releasing student information to anyone other than the student.

7. I need assistance with this. Who may I contact?

You are urged to contact a tax professional, such as a licensed income tax preparer or Certified Public Accountant, to assist you with determining whether you are eligible to claim Education Tax Credits, and to determine the amount of any credit for which you may be eligible. Alternatively, you may contact the Internal Revenue Service at www.irs.gov or by phone at 1-800-829-1040. The Yuba Community College District will not provide income tax advice.