

WEST COAST UNIVERSITY
Information on the Availability of Tax Benefits for Students

Introduction

The Internal Revenue Service has a publication (970) that provides information on various tax benefits that may be available to you if you are saving for or paying education costs for yourself or another student who is a member of your immediate family. Most benefits apply only to higher education.

What is in this publication. Chapter 1 explains the tax treatment of various types of educational assistance, including scholarships, fellowships, and tuition reductions.

Three tax credits for which you may be eligible are explained in chapters 2, 3, and 4. These benefits, which reduce the amount of income tax you may have to pay, are:

- The American opportunity credit,
- The Hope credit, and
- The lifetime learning credit.

Ten other types of benefits are explained in chapters 5 through 13. With these benefits, you may be able to:

- Deduct student loan interest;
- Receive tax-free treatment of a canceled student loan;
- Receive tax-free student loan repayment assistance;
- Deduct tuition and fees for education;
- Establish and contribute to a Coverdell education savings account (ESA), which features tax-free earnings;
- Participate in a qualified tuition program (QTP), which features tax-free earnings;
- Take early distributions from any type of individual retirement arrangement (IRA) for education costs without paying the 10% additional tax on early distributions;
- Cash in savings bonds for education costs without having to pay tax on the interest;
- Receive tax-free educational benefits from your employer; and
- Take a business deduction for work-related education.

Note.

You generally cannot claim more than one of the benefits described in the lists above for the same qualifying education expense.

We recommend that you review this publication online at <http://www.irs.gov/publications/p970/index.html>. You may also speak to a professional tax preparer for guidance on which type(s) of tax benefits may be beneficial to you.

By signing below, I acknowledge that I have received a general description of the types of tax benefits that may be eligible to me as a student.

Student Signature

Date