

# Guide to Tax Form 1098-T: Tuition Statement

Updated for Tax Year 2015

## OVERVIEW

Eligible colleges or other post-secondary institutions must send Form 1098-T to any student who paid "qualified educational expenses" in the preceding tax year. Qualified expenses include tuition, any fees that are required for enrollment, and course materials the student was required to buy from the school.

Tuition-paying students at eligible colleges or other post-secondary institutions should receive a copy of Internal Revenue Service Form 1098-T from their school each year. Eligible institutions include most colleges, universities, and vocational schools that are eligible to participate in the Department of Education's student aid programs. This form provides information about educational expenses that may qualify the student -- or the student's parents or guardian, if the student is still a dependent -- for the tuition-and-fees tax deduction or education-related tax credits.

### **Who gets the 1098-T form**

Schools must send Form 1098-T to any student who paid "qualified educational expenses" in the preceding tax year. Qualified expenses include tuition, any fees that are required for enrollment, and course materials the student was required to buy from the school. If someone else pays such expenses on behalf of the student (like a parent), the student still gets "credit" for them and therefore gets the 1098-T. Schools must send the form to the student by January 31 and file a copy with the IRS by February 28.

### **Reporting qualified expenses**

Schools can report a student's qualified expenses one of two ways: based on how much the student actually paid during the year, or based on how much the school billed the student during the year. If the school reports the amount paid, it puts that figure in Box 1 of the form. If it reports the amount billed, it does so in Box 2. (A school generally has to use the same reporting method every year. If it

changes its method -- which requires IRS approval -- it puts a check mark in Box 3. This box is here primarily for the IRS's information, not the student's.)

## **Adjustments and scholarships**

Box 4 of the form shows any adjustments the school has made to qualified expenses reported on a previous year's 1098-T. If it turns out a previous year's expenses were lower than initially reported, the student may be responsible for additional tax for that year.

Box 5 shows the amount of scholarships and grants that were paid directly to the school for the student's expenses. Scholarships and grants may reduce the amount of qualified expenses the student can use when calculating a deduction or credit.

Box 6 shows any adjustments the school has made to scholarships and grants reported on a previous year's 1098-T. These adjustments may affect the student's tax liability for the previous year, so the student may have to file an amended return.

## **Other information**

Schools must check Box 7 if the amount in Box 1 or 2 includes expenses for an academic term that begins in the first three months of the year following the year covered by the 1098-T. A check mark in Box 8 indicates that the student is enrolled at least half-time. A check mark in Box 9 indicates that the student is enrolled in a graduate program.

## **Box 10**

Box 10 of the form comes into play only in cases in which students have had expenses reimbursed under a "tuition insurance" policy. Such policies reimburse students when they are forced to withdraw from school -- for medical reasons or family emergencies, for example -- after paying nonrefundable tuition.

When an insurer reimburses a student's expenses, it must provide that student with a copy of the 1098-T. The only box that gets filled in is Box 10, which shows the amount reimbursed. The amount of expenses used to calculate deductions and credits generally must be reduced by any reimbursement reported here.