

IMPORTANT TAX INFORMATION

FORM 1098-T – Idaho State University is making the 1098-T information available through ECSI. The forms will be mailed by January 31, 2011 by ECSI, to student mailing addresses. The mailer will include information to log in to the ECSI 1098-T website at www.ecsi.net/1098t for on-line access to 1098-T, transaction detail, and links to IRS tax-related information.

Please read this form carefully. IRS Publication 970 and your qualified tax advisor can assist you with your tax questions.

THE UNIVERSITY IS NOT AUTHORIZED TO PROVIDE TAX ADVICE.

FORM 1098-T Corrections - If your **name, social security number, address, or amounts** are listed incorrectly on **Form 1098-T**, Please call (208) 282-3000 and ask for **1098-T Corrections**, or mail information to: *ISU Finance and Administration, Attn: 1098-T Corrections, 921 S 8th Avenue, Stop 8219, Pocatello, ID 83209-8219*. You may also bring the form to ISU Finance and Administration, or fax the form to (208) 282-4701. **W-9S** is available at <http://www.isu.edu/finserv/taxinfo.shtml> and at <http://www.ecsi.net/1098t> to correct SSN or address.

*Please report corrections by **March 15** so ISU can provide correct information to the Internal Revenue Service.*

TRANSACTION LISTING – Summary amounts are required to be reported on 1098-T for 2010. In addition, detail transactions are listed on the 2010 Transaction Listing on Form 1098-T and at <http://www.ecsi.net/1098t>. Please review the guidelines on the reverse side for evaluating the nature of the transactions listed.

U. S. EDUCATION TAX BENEFIT OPPORTUNITIES

The ***American Opportunity Tax Credit*** (modified/expanded Hope Scholarship Credit) is available for students in their first four years of post-secondary education. The amount of the credit is 100% of the first \$2,000 of tuition and qualified fees, plus 25% of the next \$2,000, to a maximum \$2,500 per each eligible student. The student must be enrolled at least halftime in a degree/certificate program in at least one semester or term beginning in 2010. See IRS Form 8863 and instructions for changes in requirements and amounts. Provisions of this credit are effective for tax years 2009 and 2010. This credit has a portion that may be a refundable tax credit for some taxpayers.

The ***Lifetime Learning Credit*** is available to ISU students who are not eligible for, or who elect not to use the American Opportunity Credit. It is calculated at 20% of the first \$10,000 of tuition and qualified fees, to a maximum of \$2,000 per tax return. No minimum enrollment is required, and it is available for an unlimited number of years. See IRS Form 8863.

The ***Tuition and Fees Deduction*** of up to \$4,000 is available to students who are not eligible for, or who elect not to use, the American Opportunity Credit or Lifetime Learning Credit. This is an adjustment to income, and is available to higher income tax brackets than the Lifetime Learning credit listed above.

Only **qualified tuition and fees** paid from personal funds or educational loans qualify for calculation of these credits and deductions. Tax-free scholarships, employer-provided educational assistance, and other financial aid grants reduce the amount of qualified payments used in calculating the tax credits and deduction. Charges and fees associated with room, board, student activities, athletics, insurance, books, equipment, transportation, and similar personal, living, or family expenses are not qualified tuition and related expenses. *Student Health Center fees, which are included in the full-time fee or in the credit-hour fee, are not considered qualified fees, and are excluded from the total in Box 2. Student Health Center fees were \$62.49 of the \$2,484 full-time semester fee (\$1.84 of \$253 per credit) in Fall 2009 through Summer 2010, and \$57.52 of the \$2,708 full-time semester fee (\$1.81 of \$273 per credit) in Fall 2010 through Spring 2011.*

To meet the IRS reporting requirements, we have prepared 2010 Form 1098-T for U.S. students who paid fees in calendar year 2010 or who had transactions in 2010 which could impact education credits.

Additional information on credits and forms, as well as links to related web sites is available at:

<http://www.isu.edu/finserv/taxinfo.shtml>

General Guidelines Related To The ISU Transaction Summary

The **American Opportunity Credit** (modified Hope Scholarship Credit) is based on payments for *qualified tuition and related expenses* for students who are degree seeking, in the first *four* years of post-secondary education, and who are enrolled half time or more in an academic period beginning in 2010. The payment must have been made in 2010, for an academic period beginning in 2010 or in the first 3 months of 2011. *Half-time enrollment* under federal tax law follows the federal financial aid regulations. Six undergraduate credits or more in a semester are required to meet the enrollment test. We have attempted to identify those who were enrolled at least half time as of the tenth day of classes, or at the end of the semester, whichever is higher. Audit, experiential, professional development, and challenge credits are not counted as eligible credits. *Graduate students* are normally beyond the first four years of school, and therefore not eligible for American Opportunity credit. Qualified related expenses for this credit have been expanded to include *required course materials* which may not have been paid to the institution, and therefore are not included on the 1098-T (see IRS Form 8863 instructions). Higher income levels are also allowed than in previous years.

The **Lifetime Learning Credit** is based on payments made in 2010 for *qualified tuition and related expenses* for an academic period beginning in 2010 or in the first 3 months of 2011. Lifetime Learning does not require degree-seeking status or half-time enrollment.

The **Tuition and Fees Deduction**, while allowing higher income levels, has restrictions on who may take this deduction based on who actually paid the expenses. It is an adjustment to income, not a tax credit. The student must also have either a high school diploma or GED credential to be eligible.

Fees Qualifying As Tuition And Related Expenses (Box 2) are generally identified as the basic fees required for enrollment. Student health insurance, room and board, Student Health Center fees, and miscellaneous services and fines are excluded from qualified expenses. Qualified expenses are reduced by *qualified non-taxable grants and scholarships* (Box 5) received. *Scholarships likely to be taxable*, such as room/board scholarships; stipends; insurance scholarships; and scholarships in excess of qualified fees, books, and supplies are generally taxable and should be included in income, and therefore do not reduce qualified expenses. **Please review *Publication 970* for adjustments you may need to make in calculating total taxable scholarships.**

For situations involving *fee loans* during Spring and Summer 2010, fees are considered paid when the fee loan is initially processed, not as payments are made against the fee loan. In other words, fees are paid by the fee loan, and then the fee loan is paid off by later payments. Payment plans (Fall 2010/Spring 2011) are not considered paid until payment is received. *Advance deposits (escrow)* are treated as deposits, not as qualified fees, and are used as a resource when fee payments are processed. Adjustment transactions relating to *prior years* may require recapture of prior year credits on a 2010 return. Prior year adjustments reported on 1098-T are generally reductions from refunds or repayments but are reported as positive in Box 4 (fee adjustments) or Box 6 (scholarship adjustments) per IRS requirements.

For questions regarding tax issues, please refer to documentation on the web site or links to the IRS forms and publications, or visit with a qualified tax advisor. Some basic forms are printable directly from the web sites listed below. The following forms and publications may be helpful:

- ◆ IRS 2010 1040 or 1040A Inst Available at an IRS office or at www.irs.gov
- ◆ IRS 2010 Form 8863 Education Credits (American Opportunity and Lifetime Learning Credits)
- ◆ IRS 2010 Form 8917 Tuition and Fees Deduction
- ◆ IRS Publication 970 Tax Benefits for Higher Education (includes Scholarship/Fellowship info)

Questions regarding the timing and amount of fees paid at Idaho State University may be referred to (208) 282-3000, ext. H. Please have your transaction listing available when you call.

ECSI 1098-T Services

Phone (866) 428-1098

<http://www.ecsi.net/1098t>

Login information is available on the 1098-T to be mailed by January 31, 2011

Idaho State University Education Tax Credit Reporting

Phone (208) 282-3000 ext. H Fax (208) 282-4701

Email meyetho2@isu.edu

<http://www.isu.edu/finserv/taxinfo.shtml>