

IMPORTANT TAX INFORMATION

FORM 1098-T - 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 SIGN AND RETURN the **Correction Request** on the 1098-T to:

*ISU Financial Services, Attn: 1098-T Corrections,
921 S 8th Avenue, Stop 8219
Pocatello, ID 83209-8219.*

You may also bring the form to Financial Services, or fax the form to (208) 282-4701. Please report corrections by **March 16** so ISU can provide correct information to the Internal Revenue Service.

TRANSACTION LISTING — Summary amounts are required to be reported on 1098-T for 2008. In addition, detail transactions are listed on the 2008 Transaction Listing on the back of Form 1098-T. Please review the guidelines on the reverse side for evaluating the nature of the transactions listed.

U. S. EDUCATION TAX BENEFIT OPPORTUNITIES

The ***Hope Scholarship Tax Credit*** is available for students in their first two years of post-secondary education. The amount of the credit is 100% of the first \$1,200 of tuition and qualified fees, plus 50% of the next \$1,200, to a maximum \$1,800 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 2008.

The ***Lifetime Learning Credit*** is available to ISU students who are not eligible for, or who elect not to use the Hope Scholarship 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.

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 Hope credit or Lifetime Learning credit. This is an adjustment to income, and is available to higher income tax brackets than the credits 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 1. Student Health Center fees were \$60 of the \$2,200 full-time semester fee (\$2 of \$221 per credit) during Fall 2007 through Summer 2008, and \$62.15 of the \$2,332 full-time semester fee (\$2.75 of \$236 per credit) in Fall 2008 and Spring 2009.*

To meet the reporting requirements of Congress and the IRS, we have prepared 2008 Form 1098-T for students who paid fees in calendar year 2008 or who paid fees for a semester treated as beginning in 2008.

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 **Hope Scholarship Credit** is based on payments for *qualified tuition and related expenses* for students who are degree seeking, in the first two years of post-secondary education, and who are enrolled half time or more in an academic period beginning in 2008. The payment must have been made in 2008, for an academic period beginning in 2008 or in the first 3 months of 2009. *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 two years of school, and therefore not eligible for Hope scholarship credit. Students who were ISU juniors or seniors as of January 2008 are generally not eligible for Hope scholarship credit for 2008 but may want to review IRS Publication 970 for special situations.

The **Lifetime Learning Credit** is based on payments made in 2008 for *qualified tuition and related expenses* for an academic period beginning in 2008 or in the first 3 months of 2009. 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 (HL or L) are generally identified as fee codes 1100-00 to 3850-00, or 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* (HL or L) received. *Scholarships likely to be taxable* (TX) 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. The amount listed as taxable indicates probable taxable income based on scholarship purpose. Please review *Publication 970* for adjustments you may need to make in calculating total taxable scholarships.

For situations involving *fee loans*, 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. *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* (PY) may require recapture of prior year credits on a 2008 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 2008 1040 or 1040A Inst Available at an IRS office or at www.irs.gov
- ◆ IRS 2008 Form 8863 Education Credits (Hope and Lifetime Learning Credits)
- ◆ IRS 2008 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.

Codes

HL - May be eligible for Hope/Lifetime Learning
L - May be eligible for Lifetime Learning
TX – Potentially Taxable Scholarship
PY - Adjustment relating to Prior Year

Idaho State University Education Tax Credit Reporting
Phone (208) 282-3000 ext. H Fax (208) 282-4701
Email windpaul@isu.edu
<http://www.isu.edu/finserv/taxinfo.shtml>