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### 10 TIPS ON DEDUCTION FOR TUITION FEES

By Victor Sy, CPA

1. Deduction for tuition fees of up to **\$4,000** is available to help parents and students pay for post-secondary education.
2. You do **not have to itemize** (standard deduction is OK) to take the tuition fee deduction. Use Form 8917 and submit it with your Form 1040 or Form 1040A.
3. You may be able to claim qualified tuition and fees as an adjustment to income, a Hope or Lifetime Learning credit, or as a business expense.
4. You **cannot** take the tuition and fees deduction on your income tax return if you are **married filing separately**.
5. You cannot take the deduction if you are claimed, or can be claimed, as a **dependent on someone else's return**.
6. The deduction is **phased out** (reduced or eliminated) if your modified adjusted gross income exceeds certain limits.
7. You cannot claim the tuition and fees deduction if you or anyone else claims the **Hope or Lifetime Learning credit for the same student in the same year**.
8. If the educational expenses are also allowable as a **business expense**, make a choice as to which benefits you best - as a business deduction or as personal deduction. You cannot, however, take the same expense twice.
9. You cannot claim a deduction or credit based on expenses paid with **tax-free scholarship, fellowship, grant, or education savings account funds** such as a Coverdell education savings account, tax-free savings bond interest or employer-provided education assistance.
10. The same rule applies to expenses you pay with a **tax-exempt distribution** from a qualified tuition plan, except that you can deduct qualified expenses you pay only with that part of the distribution that is a return of your contribution to the plan.

**Recent Development:** This deduction for tuition fee was set to expire on December 31, 2009, but the new Tax Relief Act (Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010) extended the above-the-line deduction for qualified higher education expenses for 2010 and 2011.