

Your 1098-T Federal Tax Credits and Deductions for Higher Education Expenses



The Tax Relief Act

Information for 2021 Taxes

The Tax Relief Act provides higher education tax credits such as the American Opportunity Credit and the Lifetime Learning credit for eligible students. Tax payers may claim only one of these tax credits for a student in a given tax year. Seattle University is an eligible institution of higher education recognized by the U.S. Department of Education and the U.S. Internal Revenue Service (IRS).

What are the American Opportunity Credit and Lifetime Learning Credits and how can I use them?

American Opportunity Credit is a tax credit up to \$2,500 against your federal income taxes. Students must be in one of their first four years of college.

The Lifetime Learning Credit is also a tax credit up to \$2,000 against your federal income taxes.

Who is eligible for these tax credits?

Students who were registered in at least one course 10 days into a term. American Opportunity Credit recipients must be enrolled at least half-time 10-days into a term. Lifetime Learning recipients must be registered in at least one course for 10 days into a term. Students who had Qualified Tuition Related Expenses in 2021 and did not have the expenses paid entirely by scholarships, grants, or an employer may be eligible. Tuition or fees must have been

charged in 2021. For example if you attended in Winter Quarter 2021 tuition expenses must have occurred in 2021; if you incurred expenses in 2020 for Winter Quarter 2021, it was reported on your 1098T for 2020.

What about the Higher Education Tuition and Fees Tax Deduction?

The Tuition and Fees Deduction can reduce the amount of your income subject to tax by up to \$4,000. This deduction is taken as an adjustment to income and may be beneficial to you if you cannot take either the American Opportunity or Lifetime Learning Credits because your income is too high.

If you think that you may be eligible for this deduction, contact your tax advisor/preparer or the Internal Revenue Service for further information on how to claim this deduction for tax year 2021.

Where can I get more information?

More information regarding student and taxpayer eligibility criteria and amounts for the American Opportunity Credit, Lifelong Learning Tax Credits and the higher Education Tuition and Fees Tax Deduction can be found in IRS Publication 970 or on IRS Form 8863 or from your tax advisor.

Publication 970, "Tax Benefits for Education," addresses Education Tax Credits and the Tuition and Fee Deduction in detail. Form 8863 is a worksheet that walks the taxpayer through the tax credit calculation process. Using the worksheet, your 1098T form, your student account statements, and/or your financial aid award letters from Seattle University, you should be able to establish if you were eligible for a tax credit and the amount of the credit. IRS forms and publications are available on the web at www.irs.gov, or by calling 1-800-829-1040.

Seattle University does not provide tax advice. It is the taxpayer's responsibility to determine and document the information used on his or her tax return.

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Your 1098-T Form from Seattle University

The 1098-T Form shows the name, address, and Social Security Number that was provided to Seattle University.

Box 1 reflects the total amount of payments made towards Qualified Tuition and Related Expenses (QTRE) in the calendar year 2021. The IRS has mandated that schools change to reporting these qualified payments on the 1098T starting with tax year 2021. In previous year's, Box 2 (amount billed for QTRE) was reported by Seattle University. Box 1 reflects payments from any source, minus any issued student account refunds. Please refer to IRS Publication 970 and IRS Form 8863 to calculate your eligibility and/or credit.

Box 2 this box is blank for tax year 2021. In past year's tax forms, this was the box used to reflect QTRE billed by Seattle University in a given calendar tax year.

Box 3 is not applicable.

Box 4 reflects the adjustments in 2021 for qualified tuition and related expenses from calendar year 2020

Box 5 reflects scholarships and grants posted in 2021 as payment of your cost of attendance. This includes institutional, federal, state and private scholarships and grants that were posted on your student account.

If you received and used a state and/or private scholarship and/or grant check for the payment of your cost of attendance without posting it directly to your student account, you must also document these in your submission to the IRS.

Box 6 reflects the adjustments in 2021 of grants or scholarships from calendar year 2020.

Box 7 is checked if any of the payments reported in Box 1 relate to an academic period that begins in January through March of 2022.

Box 8 is checked if you were enrolled half-time or greater in 2021.

Box 9 is checked if you were a graduate student in

2021.

Box 10 is not applicable and is not used by eligible Higher Education institutions.

What is the 1098-E form and will Seattle University send me one?

The 1098-E form reports student loan or tuition balance interest payments. In 2021 the University did not assess any interest on currently enrolled students. For that reason we are not sending students the IRS Form 1098-E. However, students who have borrowed a Perkins or Nursing Student Loan at Seattle University, are now in repayment, and have paid \$600 or more in interest in 2021 will receive a 1098-E form directly from Seattle University's servicing agency, Heartland ECSI.

For information on interest amounts paid less than \$600 or if you have not received Form 1098-E by February 15th, you may wish to contact Heartland ECSI at 1-800-334-8609.

Who should I contact if I have questions?

If you have questions about eligibility and/or credit, please refer to IRS Publication 970 and IRS Form 8863, available on the web at www.irs.gov.

If you have additional questions or need a copy of your Student Account Statement for 2021, **Non-Law** students can call (206) 220-8020, Office of Student Financial Services, or email our office at financialservices@seattleu.edu.

Law students can contact the School of Law Business Office at (206) 398-4050 or email lawbusinessoff@seattleu.edu.