

DELTA COLLEGE
2011 TUITION TAX BENEFIT INFORMATION

You or the payer of your tuition may be eligible for various federal tax benefits when filing personal federal income tax returns. The benefits are calculated based on qualified higher education tuition and related expenses paid for an eligible student who is either yourself, your spouse, or a dependent for whom you claim an exemption on your tax return.

The College is required to submit a Form 1098-T to you and to the IRS. Box 2 of the form indicates total educational expenses billed to you during calendar year 2011. Please note that federal tax credits are available based on qualified expenses paid by you. The amount in box 2 may represent an amount other than the amount actually paid in 2011. To determine the amount of tax credit you may be eligible for, refer to your own records (tuition bills, registration statements, payment records, etc.) and the various tax publications and forms noted below. Keep Form 1098-T with your tax records. Do not file it with your tax return.

A listing of tuition and fee amounts paid to Delta College by you or on your behalf during calendar year 2011 may be obtained at the Delta College Student Finance Office. A valid picture ID must be presented to obtain this information. Alternatively, you may request that a copy be mailed to you by calling (989) 686-9333 and leaving your name, student ID number, current address, and telephone number.

The College has provided links to various IRS forms and publications on our website at <http://www.delta.edu/businessservices/finance/tuitiontaxbenefits.aspx>. You may obtain additional information and forms regarding federal tax credits on the IRS website at www.irs.gov, by contacting your local IRS office, by calling 1-800-TAX-FORM, or by calling the IRS at 1-800-829-1040.

For questions regarding your eligibility and other personal tax matters, please refer to your personal tax advisor. **The College is unable to provide personal tax assistance or advice.**

Following is general information regarding the most common tax credits.

Federal American Opportunity Tax Credit

- The *American Recovery and Reinvestment Act of 2009 (ARRA)* created the American Opportunity Tax Credit, which replaced the former Hope Tax Credit for tax years 2009 and 2010. The American Opportunity Tax Credit has now been extended for two additional years, 2011 and 2012, by the *Tax Relief and Job Creation Act of 2010*.
- Provides an annual credit of up to \$2,500 per each eligible student based on the amount of total adjusted qualified education expenses paid in 2011 for that student for academic periods beginning in 2011 or in the first 3 months of 2012.
- The American Opportunity Tax Credit is only available for up to four taxable years (2009 through 2012) for each eligible student, including any years the Hope Tax Credit was claimed for that student.
- For 2011, an eligible student is one who:
 - Had not completed the first four years of postsecondary education as of the beginning of 2011.
 - Was enrolled during 2011 in a program that leads to a degree, certificate, or other recognized education credential.
 - Was enrolled at least half-time for at least one academic period that began in 2011. Full-time enrollment at Delta College is 12 credits.
 - Has never been convicted of a felony for possessing or distributing a controlled substance as of the end of 2011.

- Qualified education expenses for the American Opportunity Tax Credit include tuition, enrollment fees, and course materials (books, supplies, and equipment) that are required for the student's enrollment or attendance in the student's course of study at the eligible education institution. The course materials need not be purchased from the educational institution as a condition of enrollment or attendance.
- The amount of the American Opportunity Tax Credit that may be claimed for 2011 is 100% of the first \$2,000 plus 25% of the next \$2,000 paid during 2011 for each eligible student's adjusted qualified education expenses.
- The credit is reduced for taxpayers with modified adjusted gross income (MAGI) ranging between \$80,000 and \$90,000 for single filers, and between \$160,000 and \$180,000 for joint filers. The credit is not permitted for taxpayers with MAGI exceeding these ranges.

Federal Lifetime Learning Credit

- Provides for an annual credit of up to \$2,000 per tax return based on the amount of total adjusted qualified education expenses paid in 2011 for all eligible students that were enrolled in an eligible higher educational institution during 2011. The expenses paid in 2011 must be for academic periods beginning in 2011 or in the first 3 months of 2012.
- Credit is allowed for one or more courses taken either as part of a postsecondary education program (undergraduate or graduate), or to acquire or improve job skills. The student need not be pursuing a degree or other recognized educational credential.
- There is no limit on the number of years the Lifetime Learning Credit can be claimed for each eligible student.
- For the Lifetime Learning Credit, qualified education expenses include only amounts that are required to be paid to the eligible education institution as a condition of enrollment or attendance for the eligible students, including tuition, enrollment fees, and course-related books, supplies and equipment.
- The amount of the Lifetime Learning Credit is 20% of the first \$10,000 in adjusted qualified education expenses paid during 2011 for all eligible students for which an exemption is claimed on the taxpayer's tax return, with a maximum of \$2,000 per tax return.
- The credit is reduced for taxpayers with modified adjusted gross income (MAGI) ranging between \$51,000 and \$61,000 for single filers, and between \$102,000 and \$122,000 for joint filers. The credit is not permitted for taxpayers with MAGI exceeding these ranges.

Federal Tax Credits – General Information

- For each eligible student, only one of either the American Opportunity Tax Credit or the Lifetime Learning Credit may be elected each tax year. No double benefit is allowed.
- When determining these tax credits, in order to calculate the adjusted qualified tuition expenses, the qualified education expenses paid must be reduced (adjusted) by any tax-free educational assistance or refunds received.
- Federal Credits are claimed by filing a federal personal income tax return and Form 8863.

Michigan College Tuition and Fees Credit

- A Michigan income tax credit is not available for the 2011 tax year relative to tuition and fees paid for Delta College students. Beginning with 2012, the Michigan College Tuition and Fees Credit has been repealed and will no longer be available for any students after 2011.