

CLIENT LETTER

Tax Tips for Students and Parents Paying College Expenses

Dear Client:

The Internal Revenue Service has important information for parents and college-bound students paying tuition and fees. The tax law provides significant tax benefits for college expenses paid by individuals, their spouses or their dependents. You or your dependent(s) may be able to take advantage of one or more of these tax breaks for higher education expenses.

Tax tips from the IRS remind taxpayers that federal tax incentives for higher education include:

The American Opportunity Credit. This credit is available for 2011 and 2012 for up to \$2,500 paid for qualified expenses per eligible student for the first four years of post secondary education. A portion of this credit may be refundable.

The Lifetime Learning Credit. For 2011, this credit may be up to \$2,000 paid for qualified educational expenses for students enrolled in eligible educational institutions.

Tuition and fees deduction. A deduction for up to \$4,000 in tuition and fees paid for qualified higher education expenses for an eligible student is available in 2011 even for those who do not itemize deductions.

Student loan interest deduction. Up to \$2,500 in interest paid on student loans used for higher education during the year is deductible even if you do not itemize deductions.

The rules for the various credits and deductions, including who can claim them and for what types of expenses they can be claimed, are very complex. We can help you determine which, if any, of these education expense tax breaks you qualify for. Please contact our offices to schedule an appointment to discuss the various education benefits that may be available to you.

Sincerely,

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