

# 1098-T FAQ

In January of each year, CCCS, on behalf of all colleges within the system, mails IRS Form 1098-T to students who had qualified tuition and other related educational expenses paid during the previous calendar year (January 1 – December 31, YYYY). (See exceptions in Question 1, below.) This form is **informational only** and should not be considered as tax opinion or advice. It serves to alert students that they may be eligible for federal income tax education credits such as the Lifetime Learning Credit and the Hope Credit as part of their Federal Income Tax Return. Receipt of Form 1098-T, as designed and regulated by the IRS, does not contain all the information needed to claim a tax credit and indicate eligibility for the tax credit. To determine the amount of qualified tuition and fees paid, and the amount of scholarships and grants received, a taxpayer should use their own financial records and seek advice from their tax consultant, as needed.

**NOTE: It is up to each taxpayer to determine eligibility for the credits and how to calculate them.**

EXAMPLE FORM\*:

|  |  |  |  |                          |   |
|--|--|--|--|--------------------------|---|
| 8383 <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED  |  | OMB No. 1545-1574  |  | <b>Tuition Statement</b> |   |
| FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number |  | 1 Payments received for qualified tuition and related expenses<br>\$ | 2020<br>Form 1098-T  |                          |   |
| FILER'S employer identification no.  | STUDENT'S TIN <input type="checkbox"/>                         | 3  | <b>Copy A</b><br><b>For Internal Revenue Service Center</b><br><b>File with Form 1096.</b><br>For Privacy Act and Paperwork Reduction Act Notice, see the 2020 General Instructions for Certain Information Returns. |                          |   |
| STUDENT'S name   |  | 4 Adjustments made for a prior year<br>\$                            |  |                          | 5 Scholarships or grants<br>\$  |
| Street address (including apt. no.)  |  | 6 Adjustments to scholarships or grants for a prior year<br>\$       |  |                          | 7 Check this box if the amount in box 1 includes amounts for an academic period beginning January–March 2021 <input type="checkbox"/> |
| City or town, state or province, country, and ZIP or foreign postal code   |  | 9 Check if a graduate student <input type="checkbox"/>               |  |                          | 10 Ins. contract reimb./refund<br>\$  |
| Service Provider/Acct. No. (see instr.)  | 8 Check if at least half-time student <input type="checkbox"/> |  |  |                          |   |

Form **1098-T** Cat. No. 25087J www.irs.gov/Form1098T Department of the Treasury - Internal Revenue Service

**Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page**

\*For updated forms for each year, see <http://www.irs.gov/pub/irs-pdf/f1098t.pdf>

## 1. Why am I receiving this form or why didn't I get a 1098-T?

Eligible institutions must file for each student that enrolls and for whom a reportable transaction is made as required by the Taxpayer Relief Act of 1997. The 1098-T form is mailed by the end of January and is also available electronically. A copy of this form has also been provided to the IRS. Eligible institutions are not required to file a 1098-T for:

- a. Non-credit courses
- b. Non-resident alien students unless requested by the student
- c. Students whose qualified tuition and related expenses are entirely waived or paid entirely with scholarships
- d. Students that do not maintain a separate financial account or whose qualified tuition and related expenses are covered by a formal billing arrangement between an institution and the student's employer or a government entity (such as the Department of Defense or Department of Veterans Affairs.)

## **2. Why is Box 2 empty?**

Prior to tax year 2018, institutions were able to choose to report payments received OR amounts billed for qualified tuition and related expenses. CCCS elected to report amounts billed for qualified tuition and related expenses. These totals appeared in Box 2 prior to tax year 2018.

Effective tax year 2018, the IRS requires that payments received for qualified tuition and related expenses be reported. These appear in Box 1 and include scholarship payments.

## **3. Why doesn't Box 1 include everything I paid?**

The payments in Box 1 reflect only payments received for qualified tuition and related expenses. ***In an effort to avoid taxpayer confusion, funds issued as emergency funds pursuant to the Federal CARES ACT the funds should NOT be reported on the 1098-T. It is the taxpayers' responsibility to use their own financial records and seek advice from their tax consultant, as needed for any potential impact for the inclusion or exclusion of these funds.***

Note: The following are not qualified tuition and related expenses:

- a. Amounts paid for any course or other education involving sports, games, or hobbies, unless the course or other education is part of the student's degree program, or is taken to acquire or improve job skills.
- b. Charges and fees for room, board, insurance, medical expenses (including student health fees), transportation, and similar personal, living, or family expenses.
- c. The cost of books and equipment are generally not qualified expenses because eligible educational institutions usually do not *require* that the cost of books or equipment be paid to the institution as a condition of the student's enrollment or attendance at the institution.
- d. Per IRS Instructions for 2020 1098-Ts,

## **4. How/where can I get a detailed listing of the amounts reported on the Form 1098-T? (Tax preparers may ask students to provide this information)**

- a. Students may obtain tax information on-line at their college of attendance on Self Service Banner (SSB) available through the 1098T link on the Student Portal.

- b. Note: A student cannot access prior tax year information if the student's account has not been active for three or more consecutive semesters.

**5. Why is my Scholarship amount so high?**

- a. Scholarships and Grants in Box 5 include all payments received from third parties (excluding family members and loan proceeds). This includes, but is not limited to governmental and private entities, such as Department of Defense, Department of Veterans Affairs, city and religious organizations, and nonprofits entities. This also includes outside scholarship, employer provided educational assistance (regardless of taxability), or military benefits.
- b. This box also includes College Opportunity Fund (COF) payments as COF represents funds paid by the State on the Student's behalf.

**6. Who may I contact if I have additional questions about my Form 1098-T**

- a. For more information about reporting on Form 1098-T, see Regulations section 1.6050S-1. Also see Notice 2006-72, 2006-36 I.R.B. 363 available at [IRS.gov/irg/2006-36\\_IRB#NOT-2006-72](https://www.irs.gov/irg/2006-36_IRB#NOT-2006-72)
- b. Additional Resources include:
  - a. IRS Instructions for 1098T <https://www.irs.gov/pub/irs-pdf/i1098et.pdf>
  - b. IRS Publication 970 –Educational Tax Benefits <https://www.irs.gov/pub/irs-pdf/p970.pdf>
  - c. IRS FAQ –Higher Education Emergency Relief Fund and Emergency Financial Aid Grants under the CARES Act <https://www.irs.gov/newsroom/faqs-higher-education-emergency-relief-fund-and-emergency-financial-aid-grants-under-the-cares-act>

**7. What address will my 1098 T be sent to?**

- a. 1098T's are sent to the LOCAL address in Banner and if there is no local address listed, it follows the hierarchy below. If you are unsure of your address in Banner, please check with your Registrar's, Cashier's, or Records Office:
  - i. LOCAL
  - ii. PERMANENT
  - iii. STUDENT BILLING ADDRESS

**Important Dates to remember:**

- 1. Colleges have until 1-31-YYYY to post mark 1098-T Forms to students.
- 2. Colleges must file 1098-T information to the government by 3-31-YYYY.