

- You or anyone else claims an American opportunity or lifetime learning credit (Form 8863) in 2010 with respect to expenses of the student for whom the qualified education expenses were paid. However, a state tax credit will not disqualify you from claiming a tuition and fees deduction.

What Expenses Qualify

Qualified education expenses. Generally, qualified education expenses are amounts paid in 2010 for tuition and fees required for the student’s enrollment or attendance at an eligible educational institution. It does not matter whether the expenses were paid in cash, by check, by credit card, or with borrowed funds.

Qualified education expenses do **not** include amounts paid for:

- Room and board, insurance, medical expenses (including student health fees), transportation, or other similar personal, living, or family expenses.
- Course-related books, supplies, equipment, and nonacademic activities, except for fees and expenses required to be paid to the institution as a condition of enrollment or attendance.
- Any course or other education involving sports, games, or hobbies, or any noncredit course, unless such course or other education is part of the student’s degree program.

You should receive Form 1098-T, Tuition Statement, from the college or university reporting either payments received in 2010 (box 1) or amounts billed in 2010 (box 2). However, the amounts in box 1 or 2 of Form 1098-T may be different from what you actually paid. On Form 8917, line 1, enter only the amounts you **paid in 2010** for qualified expenses.

If you or the student takes a deduction for higher education expenses, such as on Schedule A or Schedule C (Form 1040), you cannot use those expenses when figuring your tuition and fees deduction.

You cannot take a tuition and fees deduction for qualified higher education expenses used to figure the exclusion from gross income of (a) interest received under an education savings bond program, or (b) distributions from a Coverdell education savings account (ESA) or qualified tuition program (QTP).

Eligible educational institution. An eligible educational institution is any college, university, vocational school, or other postsecondary educational institution eligible to participate in a student aid program administered by the Department of Education. It includes virtually all accredited public, nonprofit, and proprietary (privately owned profit-making) postsecondary institutions. The educational institution should be able to tell you if it is an eligible educational institution.

Certain educational institutions located outside the United States also participate in the U.S. Department of Education’s Federal Student Aid (FSA) programs.

Tax-free educational assistance and refunds of qualified education expenses. Tax-free educational assistance includes a tax-free scholarship or Pell grant or tax-free employer-provided educational assistance. See Pub. 970, chapter 6, for specific information.

You must reduce the total of your qualified education expenses by any tax-free educational assistance and by any refunds of your expenses. If the refund or tax-free assistance is received in the same year in which the expenses were paid or in the following year before you file your tax return, simply reduce your qualified education expenses by the amount received and figure your tuition and fees deduction using the reduced amount of qualified expenses. If the refund or tax-free assistance is received after you file your return for the year in which the expenses were paid, you must figure the amount by

which your tuition and fees deduction would have been reduced if the refund or tax-free assistance had been received in the year for which you claimed the tuition and fees deduction. Include that amount as additional income for the year the refund or tax-free assistance was received.

Example. You paid \$8,000 tuition and fees in December 2009, and your child began college in January 2010. You filed your 2009 tax return on February 7, 2010, and claimed a tuition and fees deduction of \$4,000. After you filed your return, your child dropped two courses and you received a refund of \$5,600. You must refigure your 2009 tuition and fees deduction using \$2,400 of qualified expenses instead of \$8,000. The refigured deduction is \$2,400. You must include the difference of \$1,600 on your 2010 Form 1040, line 21. You cannot file Form 1040A.

Who Is an Eligible Student

For purposes of the tuition and fees deduction, an eligible student is a student who was enrolled in one or more courses at an eligible educational institution (as defined under *Qualified education expenses*, earlier). The student must have either a high school diploma or a General Educational Development (GED) credential.

More Information

See Pub. 970, chapter 6, for more information about this deduction.

Specific Instructions

Line 1

Complete columns (a) through (c) on line 1 for each student who qualifies for and for whom you elect to take the tuition and fees deduction.

Note. If you have more than three students who qualify for the tuition and fees deduction, enter “See attached” next to line 1 and attach a statement with the required information for each additional student. Include the amounts from line 1, column (c), for all students in the total you enter on line 2.

Column (c)

For each student, enter the amount of qualified education expenses remaining after reduction by certain tax-free amounts and refunds, as explained earlier. The expenses must have been paid for the student in 2010 for academic periods beginning after 2009 but before April 1, 2011.

You can use the worksheet that follows to figure the correct amount to enter in column (c).

Qualified Education Expenses Worksheet for Column (c) (Do a separate worksheet for each student)

- Total qualified education expenses _____
- Less adjustments:
 - Tax-free educational assistance _____
 - Refunds of qualified education expenses _____
 - Other adjustments (see Pub. 970, chapter 6) _____
- Total adjustments (add lines 2a through 2c) _____
- Qualified education expenses (subtract line 3 from line 1). Enter here and on Form 8917, line 1, column (c) _____