

## VITA: Volunteer Income Tax Assistance Sponsored by Western State College

January 28, 2009

Dear Western State College Student or Parent,

The purpose of this letter is to give you some assistance in interpreting the information available from the College about your tuition and fee expense that may be eligible for federal education tax credits (the Hope credit or the Lifetime Learning Credit), or for a federal tax deduction, on your 2008 federal tax return.

I am writing this letter in my role as a coordinator of the Volunteer Income Tax Assistance (VITA) program sponsored by Western State College. VITA is an IRS-sponsored, nationwide program that is designed to provide assistance to taxpayers to help them comply with their tax responsibilities. ***This letter in no way is intended to be construed as tax advice***, and you are strongly encouraged to consult a tax professional in completing your return. My intent is to try to help you obtain the information you need to take full advantage of any tax credits or deductions to which you may be entitled.

As a teacher of income taxation for over 20 years and a professor of accounting, I am well aware of the frustration that many taxpayers feel when dealing with the tax law. The College is required to provide information to you in a certain format that is sometimes not very user friendly, and the staff at the College share your frustration as they try to comply with the law as well. My goal is to help relieve some of that frustration.

First, you should receive in the mail a 2008 Form 1098-T as well as an important note (repeated at the end of this letter) about how to retrieve your Supplemental Information from your WOL account on the web. You should obtain your "Supplemental Information" forms from your (or your student's) online WOL account.

Once you have those forms, you can proceed. Just as in the classroom, there are two ways I can do this. I can explain conceptually what is required, or I can work through a specific series of steps that will result in the correct answer. Let me try both.

Conceptually, you need the total amount of required tuition and fees billed ***and paid*** for Spring Term, 2008; Summer Term, 2008; and Fall Term, 2008. Then you must ***subtract*** the optional fitness center fees. Then, if you are a Colorado resident, you need to ***subtract*** any Colorado Opportunity Fund payments. This represents tuition and fees paid by the State of Colorado; you cannot take a tax credit or deduction for amounts paid by the State of Colorado. Last, you need to ***subtract*** any scholarships or grants that you received for those same three terms in 2008. The remaining amount is your qualifying tuition and fees for purposes of the tax credits or deduction; the tax benefit you are eligible for will depend on your particular tax situation and is best determined by consulting a tax professional.

More concretely, here is what you need to do:

1. The amount in Box 2 of the 2008 Form 1098-T should show the amounts billed for Spring Term 2008, Summer Term 2008, and Fall Term 2008. This includes the optional Fitness Center Fee (which is not eligible for any tax credit or deduction).

2. Use the 2008 Supplemental Information (from the student's online WOL account), under "Detail of Amounts Billed," to find all amounts labeled "Fitness Center Fee (Optional)" for each term attended (up to three).
3. Use the 2008 Supplemental Information (from the student's online WOL account), under "Supplemental Detail of Amount Paid," to find an amount labeled "College Opportunity Fund" for each term attended (up to three). It will be a negative amount, usually dated near the beginning of the term, and represents a payment by the State of Colorado on your behalf if you are a Colorado resident. If there are positive amounts, they should be netted against the negative amounts. Nonresidents will not have this amount.
4. Use Box 5 of the 2008 Form 1098-T to find the amount of Scholarships or Grants that were applied on your behalf. Use the "Supplemental Detail of Amount Paid" to determine if any of the scholarships were actually for 2009; there will be a "Yes" under "Future Tax Year." If so, subtract 2009 scholarships from the amount in Box 5, leaving only 2008 scholarships.
5. Take the total tuition and fees in (1), subtract the optional Fitness Center Fee in (2), subtract the College Opportunity Fund payment in (3), and subtract any 2008 scholarships and grants in (4). The result is your qualifying tuition and fees for the calendar year 2008.

This method will work for **most** students. If you paid for Spring Term 2009 in December 2008, you may be eligible to add that payment as well. It will **not** be included in Box 2 of the Form 1098-T, and you will need to obtain that additional information from your student's WOL account. Likewise, if you paid for Spring Term 2008 in December 2007, you will have to **subtract** that amount from Box 2. Most students paid their tuition bill in the same term it was billed.

Alternatively, give this letter and your 2008 Form 1098-T, along with the Supplemental Information for 2008, to your tax preparer. The 2008 Form 1098-T alone is **not sufficient** to prepare your return correctly.

I sincerely hope that this information will help you claim any tax benefits that you are entitled to on your 2008 return. If you would like further assistance in preparing your tax return, our VITA office will be open at 104 Borick Business Building, 6 - 8:30 p.m. Tuesday through Thursday evenings, starting on February 10. You can contact me at [mnewman@western.edu](mailto:mnewman@western.edu) and I will try my best to respond. Again, this letter is not intended to be tax advice, but information necessary to help you complete your return.

Sincerely,

Monica D. Newman, Ph.D.  
Coordinator of VITA  
Professor of Accounting

**\*\*\* IMPORTANT NOTE \*\*\***

Supplemental detail is available on the web.

- Log into your WOL account at [wol.western.edu](http://wol.western.edu)
- click on the School Services Tab
- Under Administrative Services click on Student Services and Financial Aid
- click on Financial Services and Cashiering
- click on View 1098-T Information
- click on Enter Tax Year for 1098-T Information down below (do NOT use the Search option)
- \* enter a tax year - 2008 (rarely you may need 2007 or 2009)
- click on submit