

# 1098-T Frequently Asked Questions

Illinois Central College cannot provide tax advice. Individuals should consult their tax professional to find out more about their eligibility for tax credits and/or the taxability of your scholarships. Information may also be obtained from the Internal Revenue Service website at [www.irs.gov](http://www.irs.gov).

## 1. What is the 1098-T form?

Educational institutions are required to file a Form 1098-T, Tuition Statement, with the IRS and provide a copy to the student when there is a reportable transaction. A reportable transaction includes payments received, amounts billed or refunds made for tuition and related expenses.

The educational institution is not required to file and provide the Form 1098-T for the following:

- ✓ Courses taken for no academic credit, even if the student is enrolled in a degree program
- ✓ Courses taken by nonresident alien students, unless the student requests the institution to file Form 1098-T
- ✓ Students whose tuition and related expenses are entirely waived or paid with scholarships or grants
- ✓ Students whose tuition and related expenses are covered by a formal billing arrangement with the student's employer or a government agency, such as the Department of Veterans Affairs or the Department of Defense

## 2. Why did I receive a 1098-T form and what am I supposed to do with it?

In January of each year, Illinois Central College mails or makes electronically available an IRS Form 1098-T to all students who had qualified tuition and other related educational expenses billed to them during the previous calendar year. The 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. Receipt of an IRS Form 1098-T does not indicate eligibility for any tax credit. To determine the amount of qualified tuition and expenses paid, and the amounts of scholarships and grants received, a taxpayer should use their own financial records. It is up to the taxpayer to determine eligibility for the tax credits.

## 3. The Social Security Number (SSN) on my form is incorrect. How do I change that?

The student's information that is presented on the 1098-T form is the information that the student has provided to the College. To update the SSN information, the student must contact Enrollment Services. Once the information is completed, the student must contact Student Accounting informing them they have updated their SSN. If it is prior to March 23<sup>rd</sup>, the information will be updated on the 1098-T and transmitted to the IRS.

Please keep in mind that failure to provide a correct SSN could result in a \$100 penalty imposed by the IRS.

## 4. I did not receive a 1098-T. How do I get one issued?

Illinois Central College does not issue an IRS Form 1098-T for the following:

- ✓ Courses taken for no academic credit, even if the student is enrolled in a degree program

- ✓ Courses taken by nonresident alien students, unless the student requests the institution to file Form 1098-T
- ✓ Students whose tuition and related expenses are entirely waived or paid with scholarships or grants
- ✓ Students whose tuition and related expenses are covered by a formal billing arrangement with the student's employer or a government agency, such as the Department of Veterans Affairs or the Department of Defense

If you have not provided the College with your Social Security Number (SSN) or you were an international student, not eligible to claim any of the education-related tax credits or deductions, you may not have been issued a form. Those students who did not provide a SSN, a W-9S form was mailed to your address on file with a stamped return envelope. Please complete the form and return it to Illinois Central College.

**5. I don't have a Social Security Number, but have an Individual Taxpayer Identification Number (ITIN) instead. What should I do?**

You may complete an IRS form W-9S which can be obtained from our website <http://icc.edu/admissions/paying-for-college/student-tax-information/> or the IRS website, [www.irs.gov](http://www.irs.gov). Turn the completed form into Enrollment Services and contact Student Accounting informing them your TIN has been updated. If this is done prior to March 23<sup>rd</sup>, the information will be updated on the 1098-T and transmitted to the IRS.

**6. What are qualified tuition and related expenses?**

Qualified expenses are amounts paid for tuition, fees and other related expense for an eligible student that are required for enrollment or attendance at an eligible educational institution. You must pay the expenses for an academic period\* that starts during the tax year or the first three months of the next tax year.

**\*Academic Period**

You must pay the qualified education expenses for an academic period that starts during the tax year or the first three months of the next tax year. Academic periods can be semesters, trimesters, quarters or any other period of study such as a summer school session. Academic periods are determined by the school.

**7. What do the boxes on the 1098-T mean?**

<input type="checkbox"/> CORRECTED		OMB No. 1545-1574		<b>2016</b>	<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	Form <b>1098-T</b>		
		\$			
2 Amounts billed for qualified tuition and related expenses		\$			
FILER'S federal identification no.	STUDENT'S taxpayer identification no.	3 If this box is checked, your educational institution has changed its reporting method for 2016			<b>Copy B For Student</b>  This is important tax information and is being furnished to the Internal Revenue Service. This form must be used to complete Form 8863 to claim education credits. Give it to the tax preparer or use it to prepare the tax return.
STUDENT'S name		4 Adjustments made for a prior year	5 Scholarships or grants		
Street address (including apt. no.)		\$	\$		
City or town, state or province, country, and ZIP or foreign postal code		6 Adjustments to scholarships or grants for a prior year	7 Checked if the amount in box 1 or 2 includes amounts for an academic period beginning January – March 2017		
Service Provider/Acct. No. (see instr.)	8 Check if at least half-time student	\$	9 Checked if a graduate student	10 Ins. contract reimb./refund	
	<input type="checkbox"/>		<input type="checkbox"/>	\$	
Form <b>1098-T</b>		(keep for your records)		www.irs.gov/form1098t Department of the Treasury - Internal Revenue Service	

**Box 1** – This box will be blank for calendar year 2016.\*\*

\*\*The recent Protecting Americans from Tax Hikes Act of 2015 changed Form 1098-T reporting requirements, which now states eligible educational institutions are required to report the aggregate amount of payments received for qualified tuition and related expenses. Prior to the change, educational institutions had to choose to report either amount of payments received for qualified tuition and related expenses in Box 1 on Form 1098-T or amounts billed during a calendar year in Box 2. Illinois Central College previously chose to report amounts billed.

Implementation of the law changes requires extensive computer software programming and other changes that cannot be implemented in time to meet applicable filing and furnishing dates for Form 1098-T for calendar year 2016. The IRS announced it is extending for an additional year the implementation of the recently enacted requirement for colleges and universities to report amounts paid for qualified tuition and related expenses in Box 1 of the Form 1098-T. This means eligible educational institutions continue to have the option of reporting either aggregate amount of payments received for qualified tuition and related expenses or the aggregate amount billed for the 2016 and 2017 calendar years. See IRS Announcement 2016-17 (5/16/2016) and IRS Announcement 2016-42 (12/5/2016) for additional clarification.

**Box 2** – The amount billed to the student for qualified tuition and related expenses during the calendar year, less any related reimbursements or refunds.

This amount may be different from the amount actually paid during the calendar year. To be eligible the amounts paid during the tax year must be for an academic period that begins in the same tax year or an academic period that begins in the first three months of the following tax year.

**Box 3** – This box will not be checked since Illinois Central College did not change its method of reporting for the calendar year.

**Box 4** – The amount of any adjustments made to qualified tuition and related expenses reported on a prior year Form 1098-T. This amount may reduce any allowable education credits students may claim for the prior year. See IRS Form 8863 or IRS Publication 970 for more information.

**Box 5** – The total amount of scholarships or grants administered and processed by Illinois Central College during the calendar year regardless of the term for which the awards are intended. This includes, but is not limited to, Federal Pell Grants, Federal SEOG, other federal scholarships and grants, State of Illinois MAP Grant, other State scholarships and grants, Illinois Central College scholarships and grants, and scholarships awarded to students from various organizations, associations and agencies.

**Box 6** – The amount of any adjustments made for prior year scholarships or grants. This amount may affect the amount of any allowable tuition and fees deduction or education credit students may claim for the prior year. See IRS Form 8863 or IRS Publication 970 for more information.

**Box 7** – If checked indicates that the amount reported in Box 2 includes amounts billed for an academic period beginning in the first three months of the next calendar year. See IRS Form 8863 or IRS Publication 970 for more information.

**Box 8** – Indicates whether students is considered to be carrying at least one-half the normal full-time workload for the their course of study at Illinois Central College. Half time for students is 6 hours for Fall and Spring terms and 3 hours for Summer term.

**Box 9** – Not applicable to students enrolled at Illinois Central College.

**Box 10** – Not applicable to students enrolled at Illinois Central College.

## **8. How do I find out specific details of my charges and payments?**

Log into eServices account and select Account Activity to see detail of the student’s charges, financial assistance and payments for the tax year. The transaction history is not provided to the IRS.

## **1098-T Information for International Students**

### **Do I need a Form 1098T?**

For most international students, the answer is no. However, that depends on whether you are a US citizen or a nonresident alien for US tax purposes. Illinois Central College makes the form available to all US citizens as required by law. Nonresident aliens, however, are generally not eligible to claim any of the education-related tax credits or deductions for which the 1098-T form is intended to serve as documentation. If you file your tax return on Form 1040NR or Form 1040NR-EZ, you are not eligible to claim those tax benefits.

### **How do I know whether I am an eligible person for tax purposes?**

You are eligible for tax purposes if you are a US citizen, a Permanent Resident (“green card” holder), or a resident alien for tax purposes, by virtue of passing the Substantial Presence test for the year. Otherwise, you are a nonresident alien for tax purposes. More information is available in the IRS Publication 519 (US Tax Guide for Aliens). Most F-1 and J-1 students are nonresident aliens for tax purposes and will not need the 1098-T form.

### **Can I still receive a 1098-T form even if I am a nonresident alien?**

Yes, you may request a copy of the 1098-T form, but be advised that the receipt of this form does not indicate that for tax purposes you are eligible for any education-related benefits.