



College-Related Federal Tax Provisions

Helena College students and families may be eligible for selected education-related tax provisions of the Federal Taxpayer Relief Act of 1997, including:

1. 1098-T Statement provides information about your educational expenses, which can be used to apply for claim the tuition and fees deduction.
2. American Opportunity Tax Credit offsets what you pay for the first four years of higher education by reducing the amount of income tax you pay. This credits provides up to \$2,500 per student and up to 40 percent of the credit may be refundable.
3. Lifetime Learning Tax Credit provides a maximum \$2,000 per year tax credit (non-refundable) per family for years of eligible undergraduate or graduate/professional study after the first two years of college.
4. Student Loan Interest Deduction provides a non-refundable deduction (not credit) of interest on qualified education loans used to finance qualified education expenses. The maximum deduction each taxpayer is permitted to take is \$2,500.
5. Tuition and Fees Tax Deduction can reduce your taxable income by as much as \$4,000 and may benefit you if you are not eligible for any of the tax credits.
6. IRA withdrawals eliminate the 10% penalty for early withdrawal of tax-deductible amounts placed in Individual Retirement Accounts (IRA) used to pay qualified educational expenses.
7. IRA contributions provide a new education IRA for tax years beginning after December 31, 1997.

Note: Students are advised that there are numerous eligibility requirements and other specifics contained in the tax provisions and should contact their tax advisor before making decisions.