Information and FAQs about IRS Form 1098-T

What is it?

The IRS Form 1098-T is a statement of qualified tuition and fees charged by the University of Maine System (the University). Qualified tuition and fees include tuition charges as well as mandatory course fees such as lab fees, technology fees, and general fees. Room, board, and health insurance fees are not included in qualified tuition and fees as determined by IRS regulations.

Why are we sending it to you?

IRS regulations require that all eligible institutions assessing qualified charges provide a 1098-T form to each student enrolled in a particular tax year. We must also file the same information with the IRS for each of these students.

What does it mean to you and your family?

The 1098-T is provided to help eligible taxpayers determine if they are eligible for various education tax benefits. An eligible taxpayer may be the student or, if the student is a dependent for federal income tax purposes, the person (e.g., parent) claiming the student as a dependent.

Qualified expenditures are eligible for various tax benefits. For instance, the American Opportunity Tax Credit can be worth up to 100% of the first $2,000 of qualified expenditures, plus 25% of the next $2,000! That is $2,500 of extra cash!

Can the University figure out what your education tax benefit should be?

No, the University may not give tax advice. But, we can tell you where to find the necessary information that you will need.

1. The credit is based on payments made to the University during the calendar year. So, you will need to determine when you made your payments on your student account. To view your student account, login to MaineStreet (https://mainestreet.maine.edu), select Self-Service > Student Center > under the Finances section, select the Account Activity link. On the Account Activity page, select the appropriate dates to determine your payments made during the tax year. Here you can view charges, payments and refunds for a specific timeframe. If you need help with this, you may contact your campus.

2. You will also need to know how much your qualified tuition and fees were for the calendar year. You may need to look at the box details on your prior year 1098-T for your Spring Term amounts. If you consent to receive your 1098-T electronically, you can see the details of the amounts in each box. For information about accessing your 1098-T forms online, go to Accessing 1098-T Self Service at: http://www.maine.edu/about-the-system/system-office/finances/tax-forms-and-certificates/1098-t-information/.
3. If you need help accessing your information, you may contact your campus.

   UM – 207-581-4232
   UMPI – 207-768-9545
   UMF – 207-778-7254
   UMA – 207-621-3412
   UMM – 207-255-1312
   UMFK – 207-834-8650
   USM – 207-780-4696

**NOTE:** The reporting of tuition, fees, scholarships, grants and adjustments do not determine the tax benefit or taxability of these amounts being reported; it is the student’s responsibility to determine the taxability of scholarships and grants or the tax credits available.

If you are unsure about your tax eligibility/responsibility or have any questions, you should consult with a qualified tax preparer or advisor. You may also consult IRS Publication 970, Tax Benefits for Education at [http://www.irs.gov/publications/p970/index.html](http://www.irs.gov/publications/p970/index.html).

### FAQs

**Q1: What do the boxes on the 1098-T form represent?**

**A:1**

**Box 1** *Payments received for qualified tuition and related expenses:* represents payments the University received for qualified tuition and related expenses. *(Note: The University does not report payments received. This box should be blank.)*

**Box 2** *Amounts billed for qualified tuition and related expenses:* includes the total amount billed by the University during the tax year for tuition and qualified fees. This includes amounts for the future Spring Term if you registered by December 31 (See Box 7). It does not include books, supplies or equipment needed for a course of study.

**Box 4** *Adjustments made for a prior year:* includes adjustments made to amounts that were reported in Box 2 in a prior year. This is always a negative adjustment and may affect any education tax credit that you claimed in a prior year.

**Box 5** *Scholarships or grants:* includes the total of all scholarships or grants administered and processed by the University. This includes third party payments made on your behalf and Veteran’s Administration (VA) payments made directly to the University.

   The amount of scholarships or grants for the calendar year may reduce the amount of any allowable tuition and fees deduction or the education tax credit you may claim for the year.

**Box 6** *Adjustments to scholarships or grants for a prior year:* includes adjustments to amounts that were reported in Box 6 in a prior year. This is always a negative adjustment and may affect any education tax credit that you claimed in a prior year.

**Box 7** is checked if any amounts in Box 2 relate to an academic period that begins in January through March of the subsequent year.
Box 8 is checked if you have been a student for 6 credit hours (half time) or more for at least one academic period that began during the calendar year.

Box 9 is checked if you were a graduate student during the calendar year.

**Q2: If I receive Form 1098-T, does it mean I qualify for the American Opportunity Credit, the Lifetime Learning Credit or the Tuition and Fees Deduction?**

**A2:** Not necessarily. The University is required to provide Form 1098-T to individuals who were billed for qualified tuition and fees during the year. Please consult with a qualified tax preparer or CPA to make an individual determination.

**Q3: Why is Box 1 blank?**

**A3:** Universities are required to elect to report qualified tuition and fees based on one of two methods, either **Payments Received - Box 1** or **Amounts Billed - Box 2**. The method must be used for all 1098-Ts issued.

The University reports amounts based on **Amounts Billed - Box 2**. Having made that election, we are not able to report in Box 1.

**Q4: Why doesn't Box 2 equal what I have paid?**

**A4:** There can be a timing difference if you registered for the next the Spring Term before the end of the calendar year. These amounts are included in Box 2 whether you paid them during the calendar year or not. You will know that this is the case if Box 7 is checked.

However, the education credit is based on when you made payments. You can determine your payments for tuition and fees by looking at your **Account Activity** and your personal financial records. It may also be helpful to access your 1098-T box details by **Accessing 1098-T Self Service** (see page 1 for instructions).

**Q5: On my 1098-T, the amount in Box 5 is greater than the amount in Box 2, but I know I paid out of pocket for certain expenses during the year. What is wrong?**

**A5:** One reason Box 5 may be greater than Box 2 (even though you may have paid certain costs out of pocket) could be that per IRS regulations, only qualified educational expenses are included in Box 2. Room, board, parking decals and certain other charges are not qualified expenses and are not reported on the 1098-T.

Box 5 could also be greater than Box 2 because of timing differences that do not necessarily have tax consequences (see Q4). However, Box 5 will most likely include the scholarships and grants applied to your account during the Spring Term.

If you think that some of your scholarship(s) might be subject to tax, please consult a tax professional.

**Q6: I'm a veteran and my 1098-T has more reported in Box 5 than in Box 2. Is the excess taxable?**

**A6:** See Q5 for reasons why Box 5 may be greater than Box 2.
As a veteran, payments you receive for education, training, or subsistence under any law administered by the VA are tax free. Do not include these payments as income on your federal tax return. It will be helpful to your tax preparer if you bring along your Account Activity (see page 1) for the appropriate time frame.

Q7: I'm an international student. Why did I receive a 1098-T and what do I need to do with it?

A7: The University is not required to provide a 1098-T to certain international students. However, we receive so many requests for them that the University chooses to provide them.

If you are an international student and you do not file a U.S. tax return, you do not need to do anything with the 1098-T. You can disregard it when you receive it. If you elect to receive it electronically, we will not mail one to you in the future.

Q8: I'm a high school student. Why did I receive a 1098-T?

A8: The University is required under IRS regulations to provide a Form 1098-T to each student enrolled in a course that offers college credit. This also includes high school students enrolled through their high school. In most cases, the 1098-T will provide no tax benefit or burden to the family. For further information, see IRS Publication 970, Tax Benefits for Education.

Q9: Why didn't I receive a 1098-T in the mail for this tax year?

A9: There are several possibilities: 1) Your address on file is incorrect or missing. 2) Your tuition amounts consisted of only non-credit courses. 3) You opted for electronic delivery of your 1098-T form. 4) You were not an enrolled student at any time during the calendar year.

Q10: Where will my form be mailed to?

A10: The 1098-T form is sent to the student's 1) home or 2) mailing or 3) billing or 4) refund address that is entered in MaineStreet (in that sequential order). If you opted for electronic delivery, you will not receive it in the mail.

Q11: I paid my qualified tuition and expenses with student loans or scholarships. Can I still claim the American Opportunity Credit, the Lifetime Learning Credit or the Tuition and Fees Deduction?

A11: Loan funds should be considered in the same manner as cash payments when calculating the American Opportunity Credit, the Lifetime Learning Credit or the Tuition and Fees Deduction. However, any scholarships, grants, or other non-taxable aid must be deducted from the amount of qualified tuition and related expenses paid to calculate the education tax credits or deductions.