

NEWS FROM

KHEAA–Alabama

Contact: Tim Ballard

Phone: 502-696-7372

Email: tballard@kheaa.com

Money Tip for Students, January 2022

Tax tips for students

Income tax filing season is approaching, and students may want to consider these tips from KHEAA–Alabama to help the tax preparation process go more smoothly.

Before students file their tax return, they should discuss the situation with their parents who may be able to claim them as a dependent, which could save them thousands of dollars.

Additionally, students and parents may be able to take advantage of these programs on their federal taxes:

American Opportunity Credit, available for the first four years of college.

Lifetime Learning Credit, available if a taxpayer or a dependent is taking college courses to acquire or improve job skills.

Tuition and fees deduction, which lets taxpayers deduct qualified education expenses paid during the year for themselves or a dependent. These expenses must be for college.

Student loan interest deduction, which lets people deduct up to \$2,500 per year on federal taxes for interest paid on federal student loans.

For more detailed information about federal programs, go to irs.gov to download the free Publication 970 Tax Benefits for Education.

Tax rules may change from year to year, so make sure you have the most up-to-date information before filing a return. If you have questions about what financial aid is taxable, you should consult a tax professional.

KHEAA is a public, non-profit agency established in 1966 to improve students' access to college. It provides information about financial aid and financial literacy at no cost to students and parents.

KHEAA also helps colleges manage their student loan default rates and verify information submitted on the FAFSA. For more information about those services, visit www.kheaa.com.

In addition, KHEAA disburses private Advantage Education Loans on behalf of its sister agency, KHESLC. For more information, visit www.advantageeducationloan.com.

For more information about financial aid and college planning, visit www.alstudentaid.com.