

# HOPE SCHOLARSHIP AND LIFETIME LEARNING TAX CREDIT INFORMATION

We have provided you with an IRS Form 1098-T. The purpose of this form is to inform you that you or your parents/guardians may be eligible for federal income tax credits that could reduce your 2007 federal income tax liability. IRS regulations state that educational institutions may populate **either** Box 1 or Box 2. The University of Denver populates Box 2.

Two **tax credits**, the Hope Credit and the Lifetime Learning Credit, took effect in 1998 to help families reduce out-of-pocket expenses for tuition and certain expenses paid to a college/university that participates in federal student aid programs. The University of Denver does participate in federal student aid programs.

**The Hope Credit** provides a **credit** up to \$1,650 for a student who is enrolled at least half time in one of the first two years of postsecondary education. This **credit** can be claimed for only two taxable years.

**The Lifetime Learning Credit** provides a **credit** of up to \$2,000 per year for a student taking courses, including graduate-level degree work and courses taken to acquire or improve job skills. This **credit** can be claimed for as long as the student is enrolled at an eligible educational institution.

## Who can qualify for the CREDITS and what are the income limits?

Only taxpayers qualify for these **credits**. If you do not pay taxes and are claimed as a dependent on someone else's tax return, **they** may qualify for a **credit**. A taxpayer may qualify if:

The taxpayer (you or your parents or guardian who claims you as a dependent) is paying for higher education costs for the taxpayer or their dependents.

### AND

The taxpayer's 2007 Modified Adjusted Gross Income is

Equal to or less than \$57,000 for single taxpayers

Equal to or less than \$114,000 for married taxpayers, filing jointly

There are certain other limitations specific to each of these **credits**. **The University of Denver cannot determine** if you qualify for one of these tax credits or the amount of the **credit** due to you. If you believe you might qualify, you should obtain IRS Publication 970, Tax Benefits for Higher Education and IRS Form 8863. Both the publication and the form can be found at the IRS website, <http://www.irs.gov> or 1-800-TAX-FORM. You can also consult your tax advisor.

## What is the basis for determining the amount of the TAX CREDIT?

The tax **credit** amounts are determined by the amount you paid for eligible tuition and related expenses and your income.

The amount of the **Hope Credit** is 100% of the first \$1,100 plus 50% of the next \$1,100 you paid for each eligible student's qualified tuition and related expenses from **January 1, 2007 to December 31, 2007**. The maximum **credit** is \$1,650 per eligible student.

The amount of the **Lifetime Learning Credit** is 20% of the first \$10,000 you paid for qualified tuition and related expenses for any eligible students in the family from **January 1, 2007 to December 31, 2007**. The maximum **credit** is \$2,000 per family.

For an explanation of eligible tuition and fees, see *IRS Publication 970*.

To receive either tax **credit**, you must account for and document the amount you paid for tuition and expense on IRS *Form 8863* and submit it with your 2007 Federal Income Tax return. You **do not** submit *Form 1098-T* with your tax return.

The University of Denver provides Form 1098-T to document your enrollment, whether or not you are a graduate student and summary financial information. By law, educational institutions may report charges billed or amounts paid. The University of Denver reports charges billed. To calculate your tax **credit**, refer to your own records (tuition bills, receipts, etc.) and consult IRS Publication 970 or your tax advisor. Keep Form 1098-T with your tax records.

## Need more information?

See IRS Publication 970 and IRS Form 8863 for more information. To obtain copies, call 1-800-TAX-FORM or go to <http://www.irs.gov>. You may also want to consult a professional tax advisor or resource.