



**IowaCollegeAid.gov**  
Your Financial Aid Connection

## NEWS RELEASE

**FOR IMMEDIATE RELEASE**

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### **Families, Students Overlooking Higher Education Tax Benefits**

*New changes to tax form looks to help tax-filers more easily claim eligible deductions for education*

**Des Moines, IA, February 12, 2016** – As families and college students prepare to file their 2015 Income Tax returns, the Iowa College Student Aid Commission (Iowa College Aid) would like to remind those paying college costs or repaying federal student loans to take advantage of federal higher education tax benefits to reduce their tax obligations. Eligible students and families can save thousands of dollars by taking advantage of tax credits which reduce federal income taxes owed, and deductions which reduce a taxpayer’s taxable income.

“Studies have shown that only about one-third of families with college expenses actually take advantage of tax benefits, potentially leaving money on the table,” stated Karen Misjak, executive director of Iowa College Aid. “We want to make sure that Iowans are aware of the money-saving tax benefits for students and families who paid college expenses last year.”

Tax-payers can refer to IRS Publication 970, recently released for Tax Year 2015 and designed specifically for advising families and students on Tax Benefits for Education. Receiving a Tuition Statement (also known as Form 1098-T) will help tax-filers take advantage of available benefits and deductions including:

**American Opportunity Tax Credit.** This credit helps parents and students pay for college education by giving them a credit up to \$2,500 per student for tuition and fees, books, supplies and equipment. Forty percent of this credit may be refundable. This means that if the refundable portion of the credit is more than the taxes owed, the excess will be refunded to the filer.

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**Lifetime Learning Credit.** Taxpayers may be able to claim a credit up to \$2,000 per tax return for college tuition, fees and supplies paid directly to the educational institution. Unlike the American Opportunity Tax Credit, the Lifetime Learning Credit is not refundable. This credit can be used annually for all years of postsecondary education and for courses to acquire or improve job skills. Taxpayers cannot claim both a Lifetime Learning Credit and an American Opportunity Credit for the same student in the same year. Only one credit can be claimed, but not both.

**Student Loan Interest Deduction.** This deduction enables eligible student loan borrowers to reduce their taxable income, up to a maximum of \$2,500, based on the amount of student loan interest paid during the tax year. Student loan interest is interest that was paid during the year on a qualified student loan. It includes both required and voluntary interest payments.

**Tuition and Fees Deduction.** Tax payers can reduce the amount of their income subject to tax by up to \$4,000 for qualified educational expenses paid in 2015 including tuition, fees, and amounts required to be paid to the educational institution for course-related books, supplies and equipment.

Iowa College Aid recommends students and families consult with a professional tax advisor or the IRS to determine eligibility for the tax benefits. In addition, more information about Iowa College Aid and its products and services that help Iowa families plan, prepare and pay for college can be found at [www.IowaCollegeAid.gov](http://www.IowaCollegeAid.gov).

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***About the Iowa College Student Aid Commission***

*Iowa College Aid provides college access, financial literacy, and outreach services to Iowa's students and families as they prepare, plan and pay for college. Iowa College Aid also administers state scholarship, grant, work study, and loan forgiveness programs totaling over \$70.0 million annually, conducts research and distributes higher education data, and offers Iowans assistance in obtaining student financial aid and college-related information. Through its role, Iowa College Aid also serves as the state-designated administrator of the U.S. Department of Education's College Access Challenge Grant, which is designed to increase the college-going culture in Iowa. Additionally, Iowa College Aid is the administrator of the Federal GEAR-UP Grant, a multi-year state-wide grant which is being utilized to provide early awareness programming and outreach initiatives to thousands of Iowa's students and families. More information is available at [www.IowaCollegeAid.gov](http://www.IowaCollegeAid.gov).*