

REVIEW QUESTIONS

SESSION 8 – EDUCATION

Problem 1 – Fred and Wilma Jones

Fred, age 67, and Wilma, age 58, are married. They elect to file Married Filing Jointly. Fred is retired. He received Social Security and a pension.

Fred and Wilma have one son, Stephen, age 18. Stephen is a full-time college student in his second year of study. He is pursuing a degree in Music and does not have a felony drug conviction. He received Form 1098-T for 2022. Box 2 was not filled in and Box 7 was not checked on his Form 1098-T for the previous tax year. Stephen spent the summer at home with his parents but lived in an apartment near campus during the school year. Stephen received a scholarship, and the terms require that it be used to pay tuition [which means you cannot optimize the education credit for this scholarship]. Fred and Wilma paid the cost of Stephen’s tuition and course-related books in 2022 not covered by the scholarship. They paid \$90 for a parking sticker, \$4,500 for a meal plan, \$500 for textbooks purchased at the college bookstore, and \$100 for access to an online textbook. Stephen earned less than \$3,000 in a summer job.

Fred and Wilma paid more than half the cost of maintaining a home and provided more than half of Stephen’s support. Fred and Wilma do not have enough deductions to itemize on their federal tax return but have substantially higher income than Stephen and owe tax after their standard deduction but before credits. Fred, Wilma, and Stephen are U.S. citizens and have valid Social Security numbers. They all lived in the United States for the entire year.

<input type="checkbox"/> CORRECTED				
FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number RUBBLE UNIVERSITY 900 COLLEGE BLVD YOUR CITY, YOUR STATE, ZIP		1 Payments received for qualified tuition and related expenses \$ 8,700.00 2	OMB No. 1545-1574 2021 Form 1098-T	
FILER'S employer identification no. 89-700XXXX	STUDENT'S TIN 129-00-XXXX	3		Copy B For Student This is important tax information and is being furnished to the IRS. This form must be used to complete Form 8863 to claim education credits. Give it to the tax preparer or use it to prepare the tax return.
STUDENT'S name STEPHEN JONES				
Street address (including apt. no.) 100 STONE STREET		6 Adjustments to scholarships or grants for a prior year \$	7 Checked if the amount in box 1 includes amounts for an academic period beginning January–March 2022 <input type="checkbox"/>	
City or town, state or province, country, and ZIP or foreign postal code YOUR CITY, YOUR STATE, ZIP		8 Checked if at least half-time student <input checked="" type="checkbox"/>	9 Checked if a graduate student <input type="checkbox"/>	
Service Provider/Acct. No. (see instr.)	10 Ins. contract reimb./refund \$			
Form 1098-T (keep for your records)		www.irs.gov/Form1098T		Department of the Treasury - Internal Revenue Service



**Buckeye College
Meal Plan**

Buckeye College Student Housing
575 College Blvd.
Your City, State ZIP

Received from:
Stephen Jones
\$4,500



College Books
580 College Blvd
Your City, State ZIP

Receipt:
3 Textbooks: \$500
Parking Sticker: \$90

*Payment for books is
also on the college
website.*

Invoice #05684

Rubble University

900 College Blvd



Date	To	Ship To
August 18, 2021	Stephen Jones 100 Stone Street	Same as recipient

Quantity	Description	Unit Price	Total
	Online Textbook Fee	\$100	\$100
Subtotal			\$100
Sales Tax			
Shipping & Handling			
Total			\$100

Thank you for your business!

Questions

1. Fred and Wilma Jones can claim the Credit for Other Dependents.
 - a. True
 - b. False

2. Which education credit can be claimed?
 - a. American Opportunity Credit
 - b. Lifetime Learning Credit
 - c. No one qualifies for any education credit

3. On which return should the education credit be claimed?
 - a. Stephen's tax return
 - b. Fred and Wilma's tax return

4. What are the total qualified education expenses used to calculate the American Opportunity Credit? _____.