



## As Tax Season Looms, Study Up On Tax Benefits, Deductions For College Expenses

(NAPSA)—You’ve heard the statistics: It pays to get a college education. During tax season, that is especially true. And with the April 17 deadline fast approaching to file 2006 tax returns, it is well worth doing “extra credit” work to find the tax benefits and deductions you’re entitled to for college expenses.

In late 2006, Congress renewed three key deductions affecting millions of taxpayers. One of those deductions focused on qualified higher education expenses. For students and parents, this means potential savings on 2006 tax returns—savings that could amount to thousands of dollars in some cases.

“When it comes to filing your tax returns, don’t leave money you’re entitled to on the table,” says Martha Holler, Sallie Mae spokeswoman, “particularly with certain credits and deductions set to expire shortly.”

For the 2006 tax year, there are four education-related tax benefits: the Tuition and Fees Tax Deduction, the Student Loan Interest Tax Deduction, the Hope Credit and the Lifetime Learning Credit.

Qualified tuition and fees paid during 2006 can be deducted for individuals, a spouse or a dependent. This provision, previously set to expire last year, means individuals can deduct up to \$2,500 in student loan interest and \$4,000 in expenses for tuition, registration fees and other required fees. You don’t have to itemize to be eligible for this deduction, but how



much of a deduction you receive depends on your income level.

It is important to note that the tuition deduction cannot be taken on expenses for which you also are claiming an education credit, such as the Hope Credit. Rather, you must choose one or the other if you qualify for both.

Tax credits, which reduce dollar for dollar the amount of tax an individual pays, can also provide substantial tax savings. There are two education-related credits available for 2006: the Hope Credit and the Lifetime Learning Credit.

The Hope Credit allows up to a maximum \$1,650 tax credit for freshmen and sophomores and can be claimed for two years. The Lifetime Learning Credit provides a tax credit of up to \$2,000 per family for anyone in college. Unlike the Hope Credit, the Lifetime Learning Credit is available for all years of postsecondary education and for courses to acquire or improve job skills.

More information can be found on the IRS’ Web site at <http://www.irs.gov>, as well as <http://www.irs.ustreas.gov/newsroom/article/0,,id=165631,00.html>.