

KALAMAZOO COLLEGE

To: All Students
From: Financial Aid Office
Date: January 2009
Re: Federal Income Taxation Issues

Scholarships and grants are considered taxable income by the IRS **only to the extent that total value exceeds a student's total tuition and book cost in the calendar year.** The vast majority of K students are not receiving scholarships/grants that cover the entire cost of tuition so that for most students this is not a concern. However, we are providing the following information for you to consider as you prepare to file income tax returns. *Foreign students are subject to a different set of taxation guidelines and should contact the IRS for assistance in filing their returns.*

This memo contains taxation information that is intended to help you understand your costs and financial aid as they relate to the tax laws. It is not intended as tax preparation advice.

- 1) College Work/Study earnings **are taxable.**
- 2) Campus Employment earnings **are taxable.**
- 3) Loans are not taxable. If you are paying interest on a student loan, the interest you pay on loans *may* qualify for a deduction, see Tax Benefits For Education link on www.kzoo.edu/finaid.
- 4) The amount of gift aid (scholarships and grants) that exceeds tuition plus actual books and supplies expenses for calendar year 2008 **is taxable income.**
- 5) If services are required in return for a gift or award, that award is always taxable. (e.g. Assistantships, Miscellaneous Stipend, Resident Advisor Stipend, etc.)

Attached are informational charts and a worksheet for your use. Please share this information with your parent(s) if they will be helping you with your tax return preparation. There is no mailing to parents.

I. Tuition charges for calendar year 2008

A. On campus terms

1.	Winter	2008	\$9,572
2.	Spring	2008	\$9,572
3.	Fall	2008	\$10,241

B. Study abroad terms

1.	Winter	2008	\$11,946
2.	Spring	2008	\$11,946
3.	Fall	2008	\$12,722

If you participated in study abroad in calendar year 2008 but did not go on a one or two-term Kalamazoo College-administered study abroad program, consult your actual student data sheets (term billings) or contact the Business Office to obtain full tuition charges for your program.

C. GLCA Programs

Tuition charges are available in our Business Office for GLCA programs. Please call (269) 337-7226.

II. Books and Supplies

You must use actual expenses to determine your books and supplies allowance. If your tax return is selected for audit, you will be expected to show proof of these expenses. Examples of proof include receipts and/or canceled checks. Remember to collect your expenses for the calendar year 2008, **not** for the academic year.

WORKSHEET FOR DETERMINATION OF TAXABLE GIFT AID

I. POTENTIALLY TAXABLE GIFT AID

<u>AID TYPE</u>	<u>WTR08</u>	<u>SPR08</u>	<u>SU08</u>	<u>FA08</u>	<u>TOTAL</u>
_____	_____	_____	n/a	_____	_____
_____	_____	_____	n/a	_____	_____
_____	_____	_____	n/a	_____	_____
_____	_____	_____	n/a	_____	_____
_____	_____	_____	n/a	_____	_____
_____	_____	_____	n/a	_____	_____

Total Potentially Taxable Gift Aid (A) _____

II. TUITION AND BOOKS/SUPPLIES

<u>ITEM</u>	<u>WTR08</u>	<u>SPR08</u>	<u>SU08</u>	<u>FA08</u>	<u>TOTAL</u>
Tuition	_____	_____	n/a	_____	_____
Books/Supplies	_____	_____	n/a	_____	_____

Total Tuition and Books/Supplies (B) _____

(A) minus (B) = (C) _____

If (C) is a positive number, this indicates taxable gift aid.

If (C) is a negative number, this indicates your gift aid is **not** taxable.