



Important 2006 Federal Income Tax Information for Our Students and Their Families

1.23.07

Dear Ringling School of Art and Design Parent,

This is to inform you that **Congress approved a retroactive extension of the tuition deduction for higher education expenses in 2006 and 2007.**

The National Association of Independent Colleges and Universities has outlined the following steps to help you take advantage of this important deduction.

TIMING IS KEY

- The IRS will not process returns that claim the tuition deduction until **after February 3, 2007**, so please wait until after that date if you plan on taking the deduction and have not yet filed.
- Paper returns already filed will be held until February 3, and electronic returns filed prior to that date will be rejected and a new return will need to be submitted.
- A detailed description of filing instructions is available on the IRS Web site at:

<http://www.irs.gov/newsroom/article/0,,id=165640,00.html>

WHY BOTHER? WHAT'S IT WORTH TO ME?

- The tuition deduction is worth up to \$4,000 of college tuition and fees, and can be claimed by single taxpayers earning \$65,000 or less. Married/joint filers earning \$130,000 or less also may claim the deduction.

WHERE ON THE FORM 1040 CAN I CLAIM THE DEDUCTION?

- The tuition deduction must be claimed on line 35 of the 1040, under the category of "domestic production activities." **You must put a "T" for tuition on the entry line.**

PLEASE NOTE:

- Your family may qualify to use either the Hope or the Lifetime Learning tax credits instead. Your tax advisor can tell your family which benefits you most, based upon your income and year in college. Both the Hope and Lifetime Learning tax credits



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appear on all 2006 tax forms, and were not affected by this deduction change.

- Different rules apply if you are claiming multiple deductions on the domestic production activity line. See the IRS Web site link above for detailed instructions.
- **Note that this is not official guidance, and has not been reviewed by tax counsel. Please consult a trusted tax advisor for applicability to your particular tax situation.**