CONTACT:
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The Internal Revenue Service permits educational institutions to report tuition payments under one of two alternative methods:

**BOX 1 Method** *(not used by WWU)*: Total payments received from students (from all sources) less any payments that are applied to offset other expenses besides tuition and related fees. This method is reported on Box 1.

**BOX 2 Method** *(used by WWU)*: Total amount billed to students that relate to tuition and mandatory fees. This method is reported on Box 2.

The major difference between the two methods is if there are timing differences between when Walla Walla University bills for tuition and when the tuition is paid. As long as both the billings and payments occur in the same calendar year, either method results in the same tax deduction.

### Computing the tax deduction – Box 2 (WWU’s) Method:

The simplest process to determine how much tuition is available for a tax deduction is to subtract Box 5 from Box 2. This approach fits most students and parents. Exceptions that have been identified, however, are as follows:

**Loans**: In certain circumstances excess loan amounts are refunded to the student. If the student account has a credit balance at the end of the year, loans may need to be reduced by the credit balance on the account.

**Taxable Employer Subsidies**: If a student receives employer subsidies that were taxable to the parents, then the amount on Box 5 needs to be reduced by that amount. WWU Accounting software is not able to distinguish between taxable and nontaxable subsidies and therefore reports all subsidies in Box 5. If the employer subsidy was taxable, the tax deduction formula will be Box 2 less Box 5 plus any taxable subsidies included in Box 5.
If the total amount of subsidies included in Box 5 are unfamiliar, please review the student account and add up all items during the calendar year that are labeled “subsidy”. Alternatively, look on the applicable Form W-2 or contact the subsidizing employer.

If a corrected 1098-T is required, because the Subsidy portion was already taxed, please email the W-2 and W-2 explanation of benefits document (showing the amount of subsidy taxed) to 1098T@wallawalla.edu and request a revised form. This option is only available through March 1. If needed, please request a correction prior to this date.

**Computing your tax deduction – Box 1 (Alternate) Method:**
Box 2 method is not required by the IRS even though WWU reports it that way. To recompute tax deductions using the Box 1 Method, use personal records of payments to WWU, minus any payments for items other than tuition that would not qualify. Non-qualified charges include rent, cafeteria, bookstore charges, interest on account and non-required fees (lab fees, required class fees and other required fees to attend WWU qualify). See the formula below to assist in determining the tax deduction as follows:

\[
\text{Net Tuition Available for Deduction} = \\
\text{Tuition Paid to WWU} + \text{Loans} + \text{Taxable Subsidies} - \text{Non tuition related charges} - \text{Refunds}
\]

CEILING RULE: The amount computed pursuant to the above formula cannot exceed total tuition billed less scholarships, grants and non-taxable subsidies

**Who to Contact at WWU with Questions:** Due to the volume of calls we receive during tax season, we would kindly request that you direct any inquiries regarding this matter in writing via e-mail to 1098T@wallawalla.edu or leave a message at our 1098-T dedicated line, 509-527-2980.

**Frequently Asked Questions:**

1. **Adventist Colleges Abroad Tuition:** Qualified tuition and related expenses include fees for books, supplies, and equipment used in a course of study only if the fee must be paid to the eligible educational institution for the enrollment or attendance of the student at the institution. Reg. Section 1.25A-2(d)(2)(ii). While the tuition is paid to Walla Walla University, the attendance is not at Walla Walla University, but rather, at an ineligible institution. Therefore, the tuition does not qualify for Form 1098-T.

2. **Aviation Students:**
   Neither aviation fees nor aviation scholarships are reported on Form 1098-T. In most cases, deductions from all sources are more than what are allow by the IRS. However, in some cases aviation fees may qualify for a deduction.

This general information is not intended as legal or tax advice for any particular individual. Please consult your tax advisor in order to maximize the deductions that may be available to you. Individuals should obtain IRS Publication 970, “Tax Benefits for Education,” at http://www.irs.gov/pub/irs-pdf/p970.pdf.