The Internal Revenue Service recently changed the reporting process for educational institutions to report tuition payments:

**BOX 1 Method (now required by IRS):** 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. Non-qualified charges include rent, cafeteria, bookstore charges, interest on account and non-required fees.

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

**Computing the tax deduction – Box 1 Method:**
The simplest process to determine how much tuition is available for a tax deduction is to subtract Box 5 from Box 1. This approach fits most students and parents. Exceptions that have been identified, however, are as follows:

**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. While we have made an effort to contact most employers who paid subsidy to WWU in the last year, we did not get responses from all organizations. Any subsidy payments that we did not have evidence of the tax treatment would be defaulted to be included 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.
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.

Box 5 is Higher than Box 1:
For a select few students, where the amount of grants and scholarships exceeds the amount of tuition and other allowed charges, the excess in box 5 likely represents income to the recipient. If this applies to you, please work with your tax preparer or refer to IRS Publication 970, pages 5 through 7 for instructions on how to calculate and report this income.

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@WallaWall.edu or leave a message at our 1098-T dedicated line, 509-527-2980.

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.