

Student Tax Reporting

Form 1098T Information

The IRS requires New Mexico Tech to issue Form 1098-T, Tuition Payments Statement, to each student by January 31st. The Form 1098-T is an information tax document to aid taxpayers in determining whether they are eligible to claim a tax deduction or one of the education tax credits. (Hope Credit or Lifetime Learning Credit). The Form 1098-T is NOT to be filed with a tax return. Its purpose is not to report scholarship income to the IRS. It is for information purposes only.

Social Security Number

The IRS requires the student's social security number to be printed on the 1098-T form. If the number printed on your form is incorrect, please present your social security card to the New Mexico Tech Registrar's office for correction. This documentation is required in order to update the social security number that New Mexico Tech has on record. This must be done before a new 1098-T form can be issued.

Payments Received

Please access your account history in the Business Office-Student Accounts to obtain a record of your payment information. New Mexico Tech has chosen to report the "Total Amounts Billed" to you during the tax year (Box 2), so you will need your payment information from the Business Office-Student Accounts in order to calculate your tax credit deduction.

Scholarships Received

Box 5 includes the amount of all scholarships or grants received in the calendar year reported, regardless of the term for which they were intended. This is because we are required to report the amounts received in the year received. The instructions for this box indicate that this amount, along with those not reported by us may reduce the deductions or credit.

Certain Required Fees EXCLUDED

The following required fees have been excluded from the charges in Box 2 based on New Mexico Tech's interpretation of the definition of "qualified tuition and related expenses" found in the federal regulations.

Miscellaneous Fees:

- ID Cards
- Transcripts
- Late Registration Fee (per day)

- Withdrawal Fee
- Dissertation Fee
- Meet the Campus/Orientation Fee

Graduation Fees:

- Associates
- Bachelors
- Masters
- PhD

More Information

Our office cannot provide any tax advice, only confirm and explain what we have reported. For more information about your ability to claim a tax deduction or tax credit, contact a tax professional. Also, you can visit the Internal Revenue Service's website at www.irs.gov. IRS Publication 970, *Tax Benefits for Education* is a very good resource for information on this topic.

Tax Information for Scholarships and Fellowships

This information is not intended as tax advice and you are encouraged to seek the assistance of a tax advisor.

General Information

The Tax Reform Act of 1986 contained provisions regarding the federal income tax treatment of scholarships and fellowships. If you receive a scholarship or fellowship grant from New Mexico Tech or from any other source, you should be aware of the following:

- Under federal tax law, only qualified scholarships or fellowships may be excluded from the recipient's gross income.
- **Qualified scholarships or fellowships** are amounts awarded to **degree candidates** and used for educational expenses such as tuition, required fees, books, supplies and equipment required for courses of instruction. If the award specifies that any portion of the scholarship or fellowship may not be used for these described expenses or if it designates any portion of the award for purposes other than those expenses just described, those designated amounts are not qualified scholarship or fellowships. Awards in excess of the described expenses are includable in the recipient's gross income.
- An individual who is not a candidate for a degree must include in gross income any amount received as a scholarship or fellowship grant.
- A scholarship or fellowship which is conditioned upon past, present or future services by the recipient is not a qualified scholarship or fellowship and may not be excluded from the recipient's gross income.

Included within the definition of scholarships and fellowships and thus possibly subject to taxation, are scholarship and fellowship grants awarded on the basis of academic merit, talent, financial need or any other factors; state and federal grants, including Pell Grants; graduate fellowships or other non-service awards; and tuition remission or reductions. Awards may come from New Mexico Tech, from state or federal agencies or from private organizations.

Tax Withholding and Reporting

For U.S. citizens and resident aliens, New Mexico Tech is not required to report scholarships or fellowships to the Internal Revenue Service; reporting such income for tax purposes is the sole responsibility of the recipient.

For nonresident aliens, scholarships and fellowships may be subject to federal income tax withholding based on the student's visa type, the degree path of the student, and the existence of a U.S. tax treaty with the student's country of residence. The federal income tax withholding rate may be 0%, 14%, or 30% depending on the circumstances, and the tax rate may apply to a portion of the scholarship or fellowship.

The withholding rate for a nonresident alien using tax treaty provisions would be 0% or another rate based on the treaty. If a tax treaty is not used, the withholding rate would be 14% of taxable portion for individuals with F, J, or M visas and a 30% of a taxable portion for others. The taxable portion for students not seeking a degree is the total amount of the financial aid award. The taxable portion for student seeking a degree is the total amount of the financial aid award less qualified educational expenses.

IRS tax regulations require that scholarship and fellowship awards for nonresident aliens be reported to the IRS and to the recipient after each calendar year on Form 1042S-Foreign Person's U.S. Source Income Subject to Withholding. Form 1042S is used to report taxable scholarship/fellowship payments made, income tax withheld, and other information relating to the grant payments.

Records

It is important that you keep copies of documents which will establish the amounts of scholarship and fellowship awards and the amounts paid for tuition, required fees, books, supplies and course-related equipment. Your records should include award notices from New Mexico Tech or awarding agency, check stubs from scholarship or fellowship payments, receipts from the Business Office-Student Accounts and receipts from the purchase of books, supplies and equipment.