

Qualified Education Expenses Are More Than Scholarships/Grants

Qualified Education Expenses* (QE)

Pell Grants, Federal SEOG Grants (PG)

Other Scholarships (OS)

TOTAL PG

TOTAL OS

Step 1: QE

Minus OS

= (a)

Step 2: Minus PG

= (b)

Remaining QE

Step 3: (c)

Use lesser of (a) or \$4,000 for AOC

Minus (b)

=

Taxable scholarship on student's return

TOTAL QE

*Student Account Summary –

Include: Tuition, Required Fees and Supplies

Do Not Include: Parking Fees/Fines, Other Fines, Late Fees, Insurance, Housing or Meals

*Out of Pocket Expenses – For AOC include books and required supplies.

1. If dependent student has a filing requirement, **and** the amount of taxable scholarship exceeds \$2,300, Kiddie Tax is triggered. Adjust amount used for AOC to minimize tax and maximize AOC.
2. If student is taxpayer with dependents, adjust above numbers to maximize refund. Taxable scholarship can affect EIC.