

Educational Tax Benefits

Taxpayers may be eligible for educationally related tax deductions or tax credits. Please review the following information and consult a tax advisor or the IRS to determine your eligibility. You can also view the IRS Publication 970 Tax Benefits for Higher Education for more information at <http://www.irs.gov/pub/irs-pdf/p970.pdf>.

Mount Vernon Nazarene University does not and can not provide personal tax advice.

Hope and Lifetime Learning Tax Credit

The Hope and Lifetime Learning tax credits can generally be claimed if you pay qualified tuition and related higher education expenses for an eligible student who is either yourself, your spouse, or a dependent for which you claim an exemption. In 2007, you may be able to claim a Hope credit of up to \$1,650 per eligible student OR a Lifetime Learning Credit for up to \$2,000 per return. The amount of your credit is gradually reduced if your modified adjusted gross income is between \$47,000 and \$57,000 if you file a single return or \$94,000 and \$114,000 if you file a joint return.

Mount Vernon Nazarene University is required to mail a 1098-T form to most students on the amount of qualified tuition and fees charged. The 1098-T form is mailed by January 31st. To claim the credit, the student or parent completes IRS Form 8863.

Student Loan Interest Deduction

If you pay interest on a student loan used to pay qualified education expenses in 2007 you may be able to deduct up to \$2,500 of the interest as an adjustment to income. You may deduct all interest paid during the year on your student loan, both required and voluntary payments. The amount of the deduction will be gradually reduce if your modified adjusted gross income is between \$55,000 and \$70,000 for single return or between \$110,000 and \$140,000 for joint returns.

Tuition and Fees Deduction

You may be able to deduct qualified tuition and related expenses paid during the year 2007 for yourself, spouse, or a dependent. The maximum deduction is limited to \$4,000 of qualified tuition and related expenses if your modified adjusted gross income does not exceed \$65,000 (single filers) or \$130,000 if filing jointly. A maximum deduction of \$2,000 is available if your modified adjusted gross income is greater than \$65,000 but not more than \$80,000 (single filers) or is greater than \$130,000 but not more than \$160,000 if filing jointly.

You can not deduct any amount for qualified tuition and related expenses for a year if a Hope credit or Lifetime Learning credit is claimed with respect to the expenses of the same individual.

Employer Provided Educational Assistance

Up to \$5,250 of employer provided educational assistance benefits is tax free each year. Both undergraduate level and graduate level courses are eligible for the exclusion.