



Education Expense Credit for Individuals

Informational Bulletin

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Director of Revenue

For information
or forms...

- ◆ Call us at:
1 800 732-8866 or
217 782-3336
- ◆ Call our TDD
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- ◆ Write us at:
Illinois Department of Revenue
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Springfield, IL 62794-9044
- ◆ Visit our Web site at:
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To: All Illinois Taxpayers

Beginning on or after January 1, 2000, if you are an Illinois resident and the parent or legal guardian of a qualifying student, you may be eligible for an income tax credit of up to \$500 for qualified education expenses paid at an Illinois elementary or secondary school. This income tax credit is 25 percent of your student's qualified education expenses and may be claimed when filing your Illinois Individual Income Tax Return.

Who is eligible to claim this credit?

You may be eligible to claim this credit if you are the parent, adoptive parent, foster parent, or legal guardian of a qualifying student.

Who is a qualifying student?

A qualifying student is any student who is

- a resident of Illinois,
- under the age of 21 at the close of the school year, and
- a full-time student enrolled in kindergarten through twelfth grade at any Illinois school

during the school year for which the credit is claimed.

What are qualified education expenses?

In general, qualified education expenses are the amounts paid in excess of \$250 for tuition, book fees, and lab fees at the school where your student(s) is enrolled during the regular school year.

Specifically, qualified education expenses include the amount of

- **tuition** you paid for your student's enrollment in kindergarten through twelfth grade.
- **book fees** you paid for the use of books that were required as part of your student's participation in a course in the school's education program.
- **lab fees** you paid for the use of supplies, equipment, materials, or instruments that were required as part of your student's participation in a lab course in the school's education program.

Lab courses include those courses that provide an environment for organized activity involving observation, experimentation, or practice, *i.e.*, science, music, art, or language.

Any purchased supplies, equipment, materials, or instruments that are substantially consumed by the student when completing assignments and activities of the lab are considered qualified lab fees.

Any amount paid for the purchase of an item that is **not** substantially consumed by the required assignments and activities of a lab course and that will remain the personal property of the student, parent or legal guardian at the end of the school year, is **not** considered a qualified education expense (*e.g.*, payments made toward the purchase of a band instrument).

What schools qualify as Illinois schools?

For the purpose of the education expense credit, any public or nonpublic elementary or secondary school in Illinois that satisfies the requirement of Section 26-1 of the School Code and, if required, is in compliance with Title VI of the Civil Rights Act of 1964 qualifies as an Illinois school.

Private schools providing educational instruction in the home that satisfy the requirements of Section 26-1 of the School Code also qualify as Illinois schools.

Should Illinois schools provide a written receipt for education expenses?

Illinois schools are encouraged to provide a written receipt for the education expenses you paid to the school during the calendar year. If provided by the school, you should receive this receipt on or before January 31 of the following calendar year.

Note: All information on the written receipt is confidential information for use only as supporting documentation of the education expense credit claimed and shall not be used for any other purpose.

What do I do to claim this credit?

To claim this credit, complete the Education Expense Credit Worksheet in the Form IL-1040 Instructions. This worksheet will help you figure the amount of your credit. You must attach the written receipt you received from the school to your tax return.

If the school does not provide you with a written receipt, you must complete Schedule ED, Credit for Qualified Education Expenses. Please refer to Page 1 of this bulletin on how to obtain a copy of this schedule.

Note: The Illinois Department of Revenue will not allow any education expense credit if a written receipt or a Schedule ED is not attached to the return.

How much credit will I be allowed for education expenses?

When figuring your family's education expense credit, you must deduct the first \$250 in education expenses. You will then be allowed a credit of 25 percent for the remaining education expenses you paid during the calendar year. Your total credit amount shall not exceed \$500 in any tax year, regardless of the number of qualifying students. Any credit amount that exceeds your tax liability will not be refunded.

Note: The education expense credit must be claimed for the calendar year in which the qualified education expenses are actually paid. Any part of the education expense credit not claimed or allowed in a calendar year **shall not** be claimed in any other calendar year.

Examples

Example 1: Larry and Mary are the parents of two students. They paid \$6,000 in tuition, book fees, and lab fees.

1st - Subtract the first \$250 paid.
\$6,000 - \$250 = \$5,750

2nd - Multiply the difference by 25%
\$5,750 x .25 = \$1,438

Since the maximum credit allowed is \$500, Larry and Mary may only claim \$500 for their education expense credit.

Example 2: Bob and Carol are the parents of one student and paid \$2,250 in tuition, book fees, and lab fees. They also purchased a musical instrument for \$300 so their student could participate in the school band. Bob and Carol may not include this \$300 because it is not considered to be a qualified education expense.

1st - Subtract the first \$250 paid.
\$2,250 - \$250 = \$2,000

2nd - Multiply the difference by 25%
\$2,000 x .25 = \$500

Bob and Carol may claim the maximum tax credit, which is \$500.

Example 3: Sam and Suzie are the legal guardians of four qualifying students. They paid \$1,000 in tuition, book fees, and lab fees for the education of their students. They also spent a total of \$50 purchasing books used in completing book reports required by the school. Sam and Suzie may not include this \$50 because it is not considered to be a qualified education expense.

1st - Subtract the first \$250 paid.
\$1,000 - \$250 = \$750

2nd - Multiply the difference by 25%
\$750 x .25 = \$188

Sam and Suzie may claim \$188 for their education expense credit.