

Ask an Expert: Five Tips for College Students Filing a Tax Return



Even though filing a tax return may be far from the minds of college students who are studying for their next exam, realistically, more young adults are working while they attend college, even if it is only a summer job. This means they may be required by the IRS to file a return. The task doesn't need to be overwhelming, but parents may need to remind their students it needs to be done...before final exams start becoming a distraction.

Kansas State University accounting assistant professor Amy Hageman offers tips that can make preparing and filing a tax return easier for college students.

First, students should check with their parents on whether they're being claimed as a dependent on their tax returns. Whenever full-time college students under the age of twenty-four do not provide the majority of their own financial support, parents may choose to claim their son or daughter. Working students claimed as a dependent on another taxpayer's tax return are still able to qualify for a deduction, but it will be smaller and they cannot claim a personal exemption on their own return.

Second, students who claim a personal exemption and who also pay for their educational expenses may be eligible to file for certain tax credits. The maximum amount that can be claimed under this set of exemptions is \$2,500. To learn more about what qualifies as an educational expense and how to figure what you may be entitled to, visit <http://www.irs.gov/individuals/students/index.html>.

Third, get free help from Volunteer Income Tax Assistance, or VITA. The service is free and available in many Utah communities. Visit <http://www.utahtaxhelp.org> to find a location near you and also

for other tax tips. Hageman says students might also consider filing their tax returns through the IRS's Free File. Any individual taxpayer with an adjusted income less than \$58,000 is eligible to use the free software. For others in the community looking for help to file their taxes, free tax assistance is often offered through local Senior Citizen Centers.

Fourth, Hageman reminds students that scholarships used for room and board—not tuition—may be taxable. Scholarships received to help pay for tuition, books or fees are generally tax exempt. However, additional expenses may also qualify. For specific information and clarification, visit: <http://www.irs.gov/taxtopics/tc421.html>.

Fifth, be sure to file the return. Even students making minimal earnings and who are not required to file a return should file. It is the only way to receive a refund of any federal income taxes that were withheld.

Some still see taxes as an unnecessary burden and wonder why such a seemingly high percentage of income is required by the government. Briefly, the Internal Revenue Service (IRS) was created by Abraham Lincoln and Congress in 1862. An income tax was enacted to pay war expenses incurred by the Civil War. Though it has been repealed and reinstated throughout history, U.S. citizens today should consider themselves fortunate to have the current income tax brackets. In 1918, during World War I, the top rate of the income tax rose to 77% to help finance the war effort. (See <http://www.irs.gov/uac/Brief-History-of-IRS>.)

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