



Form IT-203 filers
Revised instructions for Form IT-203-ATT
concerning the college tuition itemized deduction

Revisions were made to the 2001 Form IT-203-ATT, *Income Allocation and Itemized Deduction*, related to the college tuition itemized deduction, after the instructions were printed.

Accordingly, in preparing your 2001 New York State Form IT-203, *Nonresident and Part-Year Resident Income Tax Return*, please use revised Form IT-203-ATT, *Revised Income Allocation and Itemized Deduction*, and the new instructions below for computing the amount to be entered on Schedule C, line 11 and completing Schedule D.

Schedule D - College tuition itemized deduction worksheet

For tax years beginning on or after January 1, 2001, if you, your spouse, or your dependent(s) were a student enrolled at or attending an institution of higher education, you may be entitled to a college tuition itemized deduction.

Note: If a student is claimed as a dependent on another person's tax return, only the person who can claim the student as a dependent may claim the itemized deduction. If a student is **not** claimed as a dependent on another person's tax return, only the student may claim the itemized deduction.

Eligible student means the taxpayer, the taxpayer's spouse, or the taxpayer's dependent (for whom an exemption for federal income tax purposes is allowed).

Qualified college tuition expenses mean the tuition required for the enrollment or attendance of the eligible student at an institution of higher education. It does not matter whether the expenses were paid by cash, check, credit card, or with borrowed funds. In addition, the eligible student does not have to be enrolled in a degree program or attend full time for the expenses to qualify. However, only undergraduate enrollment or attendance qualifies. Tuition payments required for enrollment or attendance in a course of study

leading to the granting of a post baccalaureate or other graduate degree do **not** qualify.

Generally, qualified college tuition expenses paid on behalf of an eligible student by someone other than the student (such as a relative) are treated as paid by the student. However, if the eligible student can be claimed as a dependent on another person's tax return, qualified college tuition expenses paid (or treated as paid) by the student are treated as paid by the person who can claim the student as a dependent. Therefore, if you claim the student as a dependent, you are treated as having paid expenses that were paid from the student's earnings, gifts, inheritances, or savings.

Qualified college tuition expenses paid on behalf of an eligible student from a qualified state tuition program (such as the New York State College Choice Tuition Savings Program), are considered to be payments of qualified college tuition expenses for purposes of this deduction. However, if the eligible student can be claimed as a dependent on your tax return, these payments are also treated as paid by you, even though the income from those accounts must be reported on the student's personal income tax return.

If you or the eligible student claim a federal deduction for qualified college tuition expenses, for example, as an itemized deduction on federal Schedule A, or as a deduction on federal Schedule C (Form 1040), you can still use these expenses to compute the college tuition itemized deduction.

Qualified tuition expenses do not include:

- tuition paid through the receipt of scholarships or financial aid (for this purpose, financial aid does not mean student loans, other loans and grants that must be repaid either before or after the student ceases attending school);

- amounts paid for room and board, insurance, medical expenses (including student health fees), transportation, or other similar personal, living, or family expenses; or
- fees for course-related books, supplies, equipment, and non-academic activities, even if the fees are required to be paid to the institution as a condition of enrollment or attendance.

An *institution of higher education* means any institution of higher education or business, trade, technical, or other occupational school, located in or out of New York State, that is recognized and approved by either the regents of the University of New York or a nationally recognized accrediting agency or association accepted by the regents. In addition, the institution or school must provide a course of study leading to the granting of a post-secondary degree, certificate, or diploma.

Special rules

Limitation: The maximum amount of qualified college tuition expenses allowed for each eligible student is \$10,000. However, there is no limit on the number of eligible students for which you may claim the itemized deduction.

Spouses filing separately: If you and your spouse are filing separate returns, you must each claim your separately computed college tuition itemized deduction based only upon the amount of qualified college tuition expenses **you paid** (or were treated as paid by you) for yourself, your spouse or a person who you claim as a dependent on your separate return. You cannot claim a deduction for qualified college tuition expenses that you paid for your spouse's dependent. (These expenses are treated as paid by your spouse for purposes of the deduction).

Column A

Enter the first and last name of the eligible student. If you are claiming the college tuition itemized deduction for more than three students, attach a statement containing the required information for each additional student.

Column B

Enter the student's social security number.

Column C

Enter the name and mailing address of the institution of higher learning to which you paid qualified college tuition expenses.

Column D

Enter only qualified college tuition expenses paid for the eligible student in 2001. Qualified college tuition expenses paid in 2001 for an academic period that begins in 2002 or thereafter are considered expenses eligible for the 2001 college itemized deduction.

You must reduce the total of your qualified college tuition expenses by any scholarships or financial aid or by any refunds of qualified expenses you receive. If the refund, scholarship, or financial aid is received in the same year in which the expenses were paid or in the following year before you file your tax return, or if you can determine the amount of the refund, scholarship, or financial aid even if you have not yet received it, then reduce your qualified expenses by the amount received, or that will be received, and figure your itemized deduction using the reduced amount of qualified expenses. If the refund, scholarship, or financial aid is received after you file your return for the year in which the expenses were paid and you were not able to determine the amount of the refund, scholarship, or financial aid in order to reduce your qualified expenses, you must file Form IT-203-X, *Amended Nonresident and Part-Year Resident Income Tax Return*, to figure the amount by which your college tuition itemized deduction would have been reduced if the refund, scholarship, or financial aid had been received in the year for which you claimed the itemized deduction.

Column E

Enter for each student listed in column (A), the lesser of:

- the amount of qualified college tuition expenses listed in column (D); or
- \$10,000.

Add the column E amounts and enter the total on line 1. Transfer the amount from line 2, to Schedule C, line 11.