

Get Smart About Paying for College

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H&R Block Helps Taxpayers Take Advantage of Enhanced Tax Deductions and Credits to Cut College Costs
KANSAS CITY, MO, Aug 13, 2009 (MARKETWIRE via COMTEX) -- College costs can be crippling. But thanks to Congress, there is possibly a \$2,500 tax credit to ease the pain.

With help from H&R Block, taxpayers can claim all of the tax credits and deductions they're entitled to, ensuring going to college doesn't have to break the bank.

In the past 10 years, the price of undergraduate tuition, room and board jumped by 30 percent for public colleges and 23 percent for private ones (including adjustment for inflation), according to the U.S. Department of Education. College students in the last academic year paid an average of \$11,578 for a public education and \$29,915 for a private one.

"The current tax changes increase access to higher education for more taxpayers," said Amy McAnarney, executive director of The Tax Institute at H&R Block. "Getting a college degree can be costly, but there are ways to decrease your overall education expenses right now if you know how."

Taxpayers should be aware of several tax credits and deductions as the college fall semester starts:

- More taxpayers will be able to qualify for the American Opportunity Tax Credit, which will provide a new, partially refundable \$2,500 tax credit for college tuition paid in 2009 and 2010.
- Nearly 4 million low-income students now will be able to qualify for the credit -- because the credit is partially refundable.
- Also, computer and technology costs will now qualify in 2009 and 2010 under the Section 529 Education Plans, which are tax-exempt college saving plans. Previously, eligible expenses included only tuition, room and board, and books, supplies and equipment that were required for attendance at the school.
- Taxpayers who are paying back student loans should note that the interest paid on that loan often is deductible.

"Whether you're saving for education or paying school-related expenses now, help is out there," McAnarney said. "These vehicles are available to reduce your tax liability and make educational opportunities more affordable for everyone."

About H&R Block

H&R Block Inc. (NYSE: HRB) is the world's preeminent tax services provider, having prepared more than 500 million tax returns since 1955. In fiscal 2009, H&R Block had annual revenues of \$4.1 billion and prepared more than 24 million tax returns worldwide, utilizing more than 120,000 highly trained tax professionals. The Company provides tax return preparation services in person, online through H&R Block Online, through its TaxCut(R) software and through other channels. The Company is also one of the leading providers of business services through RSM McGladrey. For more information visit our Online Press Center at www.hrblock.com.

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