

H&R Block Advises Change in IRS Guidance Expands Eligibility for Tuition and Fees Deduction

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Tax Deduction Up to \$4,000 Now Allowed for High School Students With College Expenses

KANSAS CITY, MO, Feb 28, 2012 (MARKETWIRE via COMTEX) --According to IRS data, an average of 3.75 million taxpayers claimed the Tuition and Fees Deduction annually the past few years for billions in associated costs. Those numbers could grow thanks to a change in IRS guidance that expands the qualifications for taxpayers, H&R Block (NYSE: HRB) advises.

The tax break, covering up to \$4,000 of certain higher education costs, now includes higher education costs for those who are out of high school but did not earn a GED or diploma as well as for students currently in high school and paying for higher education classes. The IRS previously indicated that in order to claim the deduction the student had to have a GED or high school diploma.

"The recent change to the Tuition and Fees Deduction is in effect for tax year 2011, which means eligible taxpayers can claim it on their tax returns right now," said Elaine Smith, master tax advisor and enrolled agent at H&R Block. "For some taxpayers, it could be advantageous to file amended returns for tax years dating all the way back to 2008."

Generally, this is a tax deduction for tuition paid to a college, university or other accredited post-secondary school. Taxpayers might be eligible to claim the Tuition and Fees Deduction if they have a student (or are a student) who met these qualifications:

- Paid tuition to a college for taking college-level classes while still in high school
- Never finished high school, but is taking college-level classes through an Ability to Benefit (ATB) test-out program
- Took college classes through an early college entrance program.

Educational tax breaks often overlooked The Lifetime Learning Credit instead could be claimed in similar instances. This credit is worth up to \$2,000 for those seeking a college or graduate degree, and those taking classes to improve job skills. This credit can only be claimed once per tax return, regardless of the number of students taking courses. But, there is no limit on how many years it can be claimed for a student. A tax professional can determine which one is a better option based on the individual situation.

One of the most overlooked credits is the American Opportunity Credit, which was extended through 2012. This credit allows eligible taxpayers to claim up to \$2,500 for each of the first four years of college for each student.

"There's no reason taxpayers should be leaving money on the table," Smith said. "These educational tax breaks are too often missed."

H&R Block's tax professionals provide guaranteed tax return preparation services in-person at retail tax offices open year-round and through Block Live(SM), the only face-to-face online tax preparation experience available in the industry. Do-it-yourself filers benefit from the expertise and guidance of The Tax Institute at H&R Block when using H&R Block At Home(TM) on their computers, tablets and smartphones. Because understanding taxes is an integral part of managing personal finances, H&R Block keeps the conversation going with clients all year via blogs, tweets and Facebook status updates.

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