New York State Department of Taxation and Finance

Instructions for Form IT-272

Claim for College Tuition Credit for New York State Residents

IT-272-I

Caution: If you are claimed as a dependent on another person's New York State tax return, or you are a New York State nonresident or part-year resident filing Form IT-203, do not complete this form. You do not qualify for the college tuition credit.

Who qualifies

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 credit**. The college tuition credit is available to full-year New York State residents only. If the credit exceeds your tax for the year, the excess credit will be refunded, without interest. For tax year 2004, the credit is limited to $400 per eligible student.

In lieu of claiming the credit, you may elect to claim the New York **college tuition itemized deduction** if you itemized your deductions on your federal return. For tax year 2004, the maximum deduction is $10,000 per eligible student. The definitions and special rules that apply for purposes of determining your college tuition credit also apply in determining your college tuition itemized deduction.

To determine if you will receive a greater tax benefit from the credit or deduction, you should complete the worksheet on page 27 of Form IT-200-I, *Instructions for Form IT-200,* or on page 53 of Form IT-201-I, *Instructions for Form IT-201*, relating to the college tuition itemized deduction. You will need to complete Form IT-272 before completing the worksheet. **You may claim the credit or deduction, but not both.** If you elect to claim the college tuition itemized deduction, see the instructions for Part IV of this form on the back.

Note: If a student is claimed as a dependent on another person's New York State tax return, only the person who claims the student as a dependent may claim the credit or itemized deduction. If a student is **not** claimed as a dependent on another person's New York State tax return, only the student may claim the credit or itemized deduction. However, if your spouse is the eligible student, see *Special rules* below.

Definitions

Eligible student means the taxpayer, the taxpayer's spouse, or the taxpayer's dependent (for whom an exemption for New York State 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 postbaccalaureate or other graduate degree do **not** qualify.

Generally, qualified 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 is claimed as a dependent on another person's New York State tax return, qualified college tuition expenses paid (or treated as paid) by the student are treated as paid by the person who claims 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 credit. However, if the student is claimed as a dependent on your New York State tax return, these payments are also treated as paid by you.

If you or the eligible student claim a federal deduction or credit for qualified college tuition expenses, for example, as an adjustment to income on federal Form 1040, as an itemized deduction on federal Schedule A, or as a deduction on federal Schedule C (Form 1040), or when computing the Hope or Lifetime Learning credits, you can still use these expenses to compute this **credit**.

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 whom you may claim a credit.

Spouses filing separately — If you and your spouse are filing separate returns, you must each file a separate Form IT-272 to claim your credit. Or, one spouse may claim the college tuition credit and the other spouse may claim the itemized deduction. However, you must each claim your separately computed credit (or 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 credit (or 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 credit.)

How to claim the credit

File Form IT-272 if you paid qualified tuition expenses in tax year 2004. Complete all 4 sections of this form that apply to you. Transfer the amount from line 5 or line 7 to the appropriate line on Form IT-200, or Form IT-201, and attach your completed Form IT-272 to your return.

(continued)

Filling in your claim form

Please keep your name and social security entries within the spaces provided.

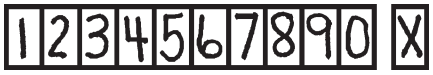
If you are married and filing separate New York State returns, you must enter your spouse's name and social security number in the spaces provided.

Form IT-272 has been designed to let us use the latest scanning and image-processing equipment. Rectangular boxes and white entry areas have been printed on the form to guide you in making your handwritten entries. This will enable our scanning equipment to more accurately read your return and let us process it more efficiently. Please spend a moment reviewing the method below for making your entries:

— Please print (use black ink only; no red or other color ink or pencils please) or type all ***X*** marks and money amounts in the boxes or spaces provided.

— Do not use dollar signs, commas, decimal points, dashes or any other punctuation marks or symbols. All necessary punctuation has been printed on the form.

— Write your numerals like this:



— Carefully enter your money amounts so that the whole **dollar amount** ends immediately to the **left** of the cents decimal and the **cents amount** starts immediately to the **right** of the cents decimal.

— Make your money amount entries in the white areas allowing one numeral for each box.

Example: *If your entry for line 3 is $3,525.50, your money field entry should look like this:*

— Leave **blank** any spaces and boxes that do not apply to you.

Line instructions

You must complete Part I. Also complete Part II, Part III, or Part IV, whichever is applicable.

Part I

In the spaces provided on the form, complete columns A through E for up to three eligible students for whom you paid qualified college tuition expenses.

If you are claiming more than three eligible students, complete columns A through E for three of the eligible students in the spaces provided on the form. Attach a statement to your return with the required identifying information for the additional eligible students. Be sure to put your name and your social security number on the attachment.

Note: Do not list the same student more than once in Part I.

Column A

Enter the first and last name of each eligible student.

Column B

Enter each student's social security number.

Column C

Enter the name(s) of the institution of higher learning to which you paid qualified college tuition expenses for each eligible student listed in column A.

Column D

Enter only qualified tuition expenses paid for each eligible student in 2004. If you paid qualified college tuition expenses to more than one institution of higher learning on behalf of the same eligible student, enter the total qualified expenses paid to all institutions during 2004 on behalf of that student. **Do not list the same eligible student more than once in Part I**. Qualified tuition expenses paid in 2004 for an academic period that begins in 2005 or thereafter are considered expenses eligible for the 2004 college tuition credit.

You must reduce the total of your qualified college tuition expenses by any scholarships or financial aid received, or by any refunds of qualified expenses. 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 it has not yet been received, then reduce your qualified expenses by the amount received, or that will be received, and figure your credit 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-201-X, *Amended Resident Income Tax Return,* to figure the amount by which your credit would have been reduced if the refund, scholarship, or financial aid had been received in the year for which you claimed the credit.

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 (include any column E amounts from an attached statement) and enter the total on line 3.

Part II

Complete Part II if your total qualified college tuition expenses on line 3 are **less than $5,000.**

Line 5

See the *Caution* at Part IV of Form IT-272 to determine if it may be more advantageous for you to claim the college tuition ***itemized deduction***.

If you elect to claim the college tuition credit, transfer the amount from line 5 to Form IT-200, line 33, or Form IT-201, line 62. Be sure to attach Form IT-272 to your return.

If you elect to claim the college tuition itemized deduction, see the instructions for Part IV below. **Do not** enter the college tuition credit on Form IT-200, line 33, or Form IT-201, line 62.

Part III

Complete Part III if your total qualified college tuition expenses on line 3 are **$5,000 or more.**

Line 7

See the *Caution* at Part IV of Form IT-272 to determine if it may be more advantageous for you to claim the college tuition ***itemized deduction.***

If you elect to claim the college tuition credit, transfer the amount from line 7 to Form IT-200, line 33, or Form IT-201, line 62. Be sure to attach Form IT-272 to your return.

If you elect to claim the college tuition itemized deduction, see the instructions for Part IV below. **Do not** enter the college tuition credit on Form IT-200, line 33, or Form IT-201, line 62.

Part IV

If you elect to claim the ***college tuition itemized deduction***, mark an ***X*** in the box at line 8. Attach Form IT-272 to Form IT-201. **Do not** enter the college tuition credit from line 5 or 7 of this form on Form IT-200, line 33, or Form IT-201, line 62.