

PROSPERITY NOW COMMUNITY

TAXPAYER OPPORTUNITY NETWORK

Module 8A Quiz

Tax Benefits for Education Overview

1. An education tax credit reduces the amount of tax due based on qualified expenses.
 - a) True
 - b) False
2. A scholarship, grant, or fellowship is always taxed.
 - a) True
 - b) False
3. Taxpayers who paid qualified educational expenses for higher education for an eligible student attending an eligible educational institution can claim an education credit.
 - a) True
 - b) False
4. Books are always a qualified expense under the Lifetime Learning Credit.
 - a) True
 - b) False
5. What is the total number of different education tax credits?
 - a) 1
 - b) 2
 - c) 3
 - d) 4
6. Which of the following is an education tax credit?
 - a) American Opportunity Credit
 - b) Taxpayer Education Credit
 - c) Learning Tax Credit
 - d) Better Future Credit**
7. An eligible institution is generally any accredited post-secondary institution.
 - a) True
 - b) False
8. An eligible student is the taxpayer, spouse or a dependent who is enrolled in one or more courses as an undergraduate or graduate student.
 - a) True
 - b) False
9. Qualified education expenses include tuition, any fees that are required for enrollment, and course materials the student was required to buy from the school.
 - a) True
 - b) False
10. Which of the following is **NOT** a qualified education expense?
 - a) Tuition and fees required to enroll at or attend an eligible educational institution
 - b) Course-related expenses, such as fees and books that are required for all students in the course
 - c) Non-academic fees, such as student activity fees that must be paid to the institution as a condition of enrollment or attendance
 - d) Living expenses, such as dorm costs required to attend the institution

11. Which of the following is **NOT** a requirement for a scholarship, grant, or fellowship to be tax free?
- a) It isn't designated or earmarked for other purposes (such as room and board) and doesn't require (by its terms) that it can't be used for qualified education expenses
 - b) It doesn't exceed qualified education expenses
 - c) It isn't used for course-related expenses, such as fees and books
 - d) It doesn't represent payment for teaching, research, or other services required as a condition for receiving the scholarship
12. How are scholarships, grants, and fellowships reported on a tax return?
- a) Deduction
 - b) Tax Credit
 - c) Income
 - d) Scholarships, Grants, and Fellowships cannot be reported on a tax return
13. Which form must eligible colleges or post-secondary institutions send to students who paid qualified educational expenses in the preceding tax year?
- a) Form 1001-T
 - b) W-3
 - c) Form 1066-C
 - d) Form 1098-T
14. What Statement is used to determine which fees paid to the institution qualify as eligible expenses?
- a) Tuition Statement
 - b) Student Account Statement
 - c) Eligible Expense Statement
 - d) College Tax Statement
15. To claim an education credit, the following must be true for the taxpayer:
- a) They are not filing as Married Filing Separately
 - b) They are claimed as a dependent on someone else's tax return
 - c) Their adjusted gross income (AGI) is above the limitations for their filing status
 - d) They were a nonresident alien for the tax year