

1.103 QUALIFIED HIGHER EDUCATION EXPENSES

Internal Revenue Code Sections: 222

Oregon Statutes: 316.048 (Connection to federal personal taxable income)

Federal Law Sunset Date: 12-31-2017

Year Enacted in Federal Law: 2001

DESCRIPTION: A deduction is allowed for qualified higher education expenses paid by the taxpayer through 2017. Qualified expenses included tuition and fees paid as a condition of enrollment or attendance at a postsecondary educational institution.

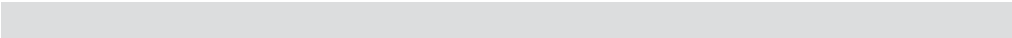
The deduction can be taken without itemizing (known as an adjustment or above-the-line deduction). The maximum deduction is \$4,000 per taxpayer with income not more than \$65,000 (\$130,000 on a joint return) or \$2,000 if the taxpayer's income was above \$65,000 (\$130,000 on a joint return) but not more than \$80,000 (\$160,000 for joint returns). If adjusted gross income exceeded the limits, then no deduction is allowed. These income limits are not adjusted for inflation and there is no phase-out of the deduction based on income.

The deduction may not be allowed if distributions from certain tax exempt or tax deferred accounts were used to pay the expenses.

This provision was enacted as a temporary measure in 2001, and has been temporarily extended several times. Most recently, the Bipartisan Budget Act of 2018 extended it through 2017.

PURPOSE: To reduce the cost of higher education.

WHO BENEFITS: College students or their parents who paid qualified education expenses. In 2016, about 27,000 Oregon returns included this deduction. The average Oregon tax savings was \$123. The table below shows usage of this adjustment for tax year 2016.



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EVALUATION: Not evaluated.