



Tax Releases

“Tax Releases” are designed to provide answers to the specific tax questions covered, based on the facts indicated. In situations where the facts vary from those given herein, the answers may not apply. Unless otherwise indicated, tax releases apply for all periods open to adjustment. All references to section numbers are to the Wisconsin Statutes unless otherwise noted.

The following tax release is included:

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INDIVIDUAL INCOME TAXES

1 Tuition Expense Deduction - Exchange Program

Statutes: Section 71.05(6)(b)28, Wis. Stats. (1997-98)

Background: Section 71.05(6)(b)28, Wis. Stats. (1997-98), provides a subtraction from federal adjusted gross income when computing Wisconsin adjusted gross income for the amount paid for tuition expenses for a student who is the claimant or who is the claimant’s dependent child. The tuition must be paid to attend any university, college, technical college or a school approved under sec. 39.51, Wis. Stats. (1997-98), that is located in Wisconsin or to attend a public vocational school or public institution of higher education in Minnesota under the Minnesota - Wisconsin reciprocity agreement.

The maximum amount that may be subtracted for any one taxable year is \$3,000 per student. The subtraction is phased out for claimants who have federal adjusted gross income above certain levels.

Facts and Question: The parents paid tuition of \$1,941 for their dependent student to attend the spring 1999 semester at a university located in Wisconsin. For the fall 1999 semester, the student participated in an exchange program sponsored by the university. The parents paid \$7,320 (tuition, room, board, etc.) directly to the university located in Wisconsin. This enabled the student to attend classes abroad. The student received credit for the classes taken abroad from the Wisconsin university, and, during the time abroad, was enrolled as an active full-time student at the Wisconsin university.

Does the amount paid for tuition to the university located in Wisconsin to attend classes abroad under the exchange program qualify for the Wisconsin subtraction for tuition paid?

Answer: Yes. The parents may claim a subtraction for the amount paid for tuition only for both semesters (up to the maximum subtraction of \$3,000). Although the courses for the fall semester were held outside Wisconsin, the student was enrolled as a full-time student at the university located in Wisconsin, received credit for the courses from the university located in Wisconsin, and the exchange program was sponsored by the university located in Wisconsin. The tuition is considered to have been paid to attend the university located in Wisconsin.

